CE/174

AY 24 1954

~~RMR~~
~~AAS~~
FCM
~~SG~~
~~EAW~~
~~DS~~
~~2-26-58~~

UNITED NATIONS

PLEASE RETURN TO THE
GENERAL ECONOMICS LIBRARY

ECONOMIC SURVEY OF EUROPE IN 1953

including a Study of

Economic Development in Southern Europe

U. of. I Lib.
Documents
JUL 23 1973
Chicago Circle

GENEVA, 1954

126

UNITED NATIONS

DEPARTMENT OF ECONOMIC AFFAIRS

ECONOMIC SURVEY OF EUROPE IN 1953

including a Study of

Economic Development in Southern Europe

Prepared by the

RESEARCH AND PLANNING DIVISION
ECONOMIC COMMISSION FOR EUROPE

GENEVA, 1954

E/ECE/174
February 1954

United Nations Publication
Sales Number : **1954.II.E.2.**

Price : $(U.S.) 2.50 ; 17/6 stg. ; Swiss francs 10.—
(or equivalent in other currencies)

CORRIGENDA

to

ECONOMIC SURVEY OF EUROPE IN 1953

including

A Study of Economic Development in Southern Europe

Chapter 1. - Page 21, left-hand column, line 19: For "$2 million" read "$2 billion"

Page 24, right-hand column, paragraph 2, line 8: For "French investment" read "total investment".
Footnote 4, line 1: Delete "French": for "these territories" read "North Africa".

Chapter 9. - Page 128, right-hand column, line 11, and page 129, left-hand column, line 9: For "Table 6" read "Table 59".

Page 131, left-hand column, footnote 2, line 3: For "A. Cajumi" read "B. Caizzi".

Chapter 10.- Page 145, right-hand column, line 5: For "$635 million" read "$35 million".

Chapter 14.- Page 173, left-hand column, line 8: For "still below one-third" read "no more than one-third".

PREFATORY NOTE

The present SURVEY is the seventh in a series of reports prepared each year by the Secretariat of the Economic Commission for Europe to serve the needs of the Commission and to help in the task of reporting on world economic conditions which the Economic and Social Council of the United Nations has entrusted to the Department of Economic Affairs.

As on earlier occasions, the SURVEY combines analysis of the major developments and problems of the year just ended with consideration of more long-term issues. Parts I and II deal mainly with economic events in 1953 in western and eastern European countries, respectively, while Part III is broader in scope, presenting a study of Economic Development in Southern Europe. This study is in response to a resolution of the Eighth Session of the Economic Commission for Europe inviting the Executive Secretary, *inter alia*, " to prepare a study of the present possibilities of expanding and accelerating the economic development of the less-developed countries in southern Europe ". Only eight months have elapsed between the adoption of this resolution and the completion of the study. The results must therefore be considered provisional in the sense that further extensive research would be needed to arrive at more definitive views on the issues involved.

Less attention is given in this than in some previous SURVEYS to the situation and problems of agriculture in Europe. These form the subject of a separate report, to be published in March, which has been prepared in response to another resolution of the Eighth Session of the Commission.

The SURVEY is published on the responsibility of the Secretariat, and the views expressed in it should not be attributed to the Commission or to its member Governments.

Geneva January 1954

TABLE OF CONTENTS

Part I

WESTERN EUROPE

Chapter 1. — Developments in Western Europe in 1953 Page

1. Production and Employment 1
2. Internal Financial Positions 7
3. Economic Relations within Western Europe 8
4. Economic Relations between Western Europe and the Rest of the World 15

Chapter 2. — Production and Demand in Four European Countries 27

1. The Structure of Production and Demand 28
2. The Development of Demand 32
3. Factors in the Development of Demand 38
4. Conclusions 43

Part II

THE SOVIET UNION AND EASTERN EUROPE

Chapter 3. — The Soviet Union in 1953

1. Introduction 46
2. Changes in Policy towards the Consumer 47
3. Agriculture 51

Chapter 4. — Eastern Europe in 1953

1. The Long-term Plans 59
2. Prices and Income 63
3. Changes in Industrial Priorities 66
4. Changes in Agricultural Policies 68
5. Future Prospects 73

Part III

ECONOMIC DEVELOPMENT IN SOUTHERN EUROPE

Chapter 5. — The Retarded Development of Southern Europe 77

A. ECONOMIC TRENDS AND POLICIES IN INDIVIDUAL COUNTRIES

Chapter 6. — Turkey

1. Thirty Years of Economic Development 83
2. Present Trends in Agriculture and Industry 88
3. The Supply and Use of Savings 90

Page

Chapter 7. — GREECE

1. Introduction 95
2. The Balance of Payments 98
3. Possibilities of Agricultural Expansion 100
4. Present Industrial Plans 102

Chapter 8. — YUGOSLAVIA

1. Yugoslavia before the Second World War 106
2. The Period of Detailed Planning 109
3. Institutional Changes since 1948 113
4. Achievements and Future Plans 119

Chapter 9. — SOUTHERN ITALY

1. Introduction 123
2. The Economic Structure of Southern Italy 125
3. The Natural Factors 130
4. Historical Vicissitudes of the Southern Question 131
5. Prospects and Problems 137

Chapter 10. — SPAIN

1. The Present Economic Situation 141
2. Economic Policies and Results 145

Chapter 11. — PORTUGAL

1. The Present Economic Situation 149
2. Economic Policies and Results 152

B. ACHIEVEMENTS AND POTENTIALITIES IN MAIN BRANCHES OF PRODUCTION

Chapter 12. — AGRICULTURE

1. The Agrarian Structure 156
2. Physical Possibilities of Improvement 158
3. Obstacles to Progress 161
4. Requirements for Expanded Agricultural Output 162

Chapter 13. — MINING

1. Development in the Past 164
2. Discovery of Mineral Resources 167
3. Problems and Policies of Mining Exploitation 171
4. Mining for Export or for Domestic Industries 172

Chapter 14. — MANUFACTURING INDUSTRY

1. The Present Stage and Recent Development of Manufacturing 173
2. Policies to promote Industry 177
3. Criteria for the Allocation of Investment Resources 179

C. SOME KEY PROBLEMS OF ECONOMIC DEVELOPMENT IN SOUTHERN EUROPE

Chapter 15. — INTERNAL ASPECTS

Page

1. The Balance between Industry and Agriculture 182
2. Regional Contrasts 184
3. The Internal Supply of Saving 186
4. The Need for More Efficient Tax Systems 188

Chapter 16. — EXTERNAL ASPECTS

1. Under-employment and Emigration 192
2. Problems of Export Promotion 195
3. External Capital Assistance and Intra-regional Collaboration 203

Appendix to Chapter 16

EXPORT MARKETS FOR SOME PRODUCTS OF SOUTHERN EUROPEAN AGRICULTURE 208

* * *

Appendix A. — SUPPLEMENTARY STATISTICS 219–287

Appendix B. — NOTES ON SOURCES AND METHODS 289–314

INDEX OF TABLES

Part I. – WESTERN EUROPE

Chapter 1. — ECONOMIC DEVELOPMENTS IN WESTERN EUROPE IN 1953

Table		Page (text)	Page (App. B)
1.	The Level of Production, Consumption and Exports of Textiles in the First Nine Months of 1953 for Selected Western European Countries	3	
2.	Supplies of Motor Vehicles to the Home Market in 1952 and 1953	4	
3.	The Rate of Production of Transport Equipment compared with that of All Metal-using Industries	4	
4.	Changes in Exports of Western European Countries to each other between the First Nine Months of 1952 and 1953	11	
5.	Production and Trade of the European Coal and Steel Community	13	*295*
6.	Gold and Short-term Dollar Assets of European Countries	16	
7.	Key Items in the Balance of Payments of Europe with the United States	17	
8.	Imports of Selected Commodities by Seven European Countries, by Areas of Origin	18	*304*
9.	Trade Balance of Selected European Countries with the Dollar Area	20	
10.	Exports of Seven European Countries to the Dollar Area in the First Half of 1953	21	*306*
11.	Transactions of the Rest of Sterling Area with the Dollar Area	22	
12.	Imports of Eighteen Western European Countries from Non-dollar Overseas Countries	23	
13.	Changes in the Value of Exports from Eighteen European Countries to Non-dollar Overseas Markets from 1952 to 1953	25	
14.	Changes in Exports of Selected Commodities from Four Western European Countries to Overseas Non-dollar Markets between 1952 and 1953	26	*306*

Chapter 2. — PRODUCTION AND DEMAND IN FOUR EUROPEAN COUNTRIES

Table		Page (text)	Page (App. B)
15.	Changes in the Volume of Gross National Product and Personal Consumption	39	*303*
16.	Ratio of Personal Income to Gross National Product	39	*303*
17.	Changes in Import Prices, Domestic Factor Costs and Consumption Prices	40	*303*
18.	Percentage of Personal Income taken by Direct Taxation	40	*303*
19.	Personal Disposable Income and Personal Expenditure at Constant Prices	41	*303*

Part II. — THE SOVIET UNION AND EASTERN EUROPE

Chapter 3. — The Soviet Union in 1953

Table	Page (text)	Page (App. B)
20. Output of Soviet Industry and Certain Producer Goods	46	
21. Livestock Numbers in the Soviet Union	52	*296*
22. Share of State Deliveries in Output of Agricultural Products in the Soviet Union	54	
23. Average Delivery and Selling Prices for Livestock Products and Potatoes in the Soviet Union	56	*296*
24. Cash Receipts of Farms and State Re-sale Margins in Meat and Dairy Farming in the Soviet Union	56	*297*

Chapter 4. — Eastern Europe in 1953

Table	Page (text)	Page (App. B)
25. Official Index Numbers of National Income and Gross Industrial Production in Eastern Europe	60	*304*
26. Components of National Expenditure in Eastern Europe	61	
27. Planned and Actual Production in Czechoslovakia and Poland	62	
28. Index Numbers of the Cost of Living in Four Eastern European Countries	64	*301*
29. Main Constituents of Eastern European Agricultural Output	70	*297*
30. Employment in Czechoslovakia, Hungary and Poland	73	*299*

Part III. — ECONOMIC DEVELOPMENT IN SOUTHERN EUROPE

Chapter 5. — The Retarded Development of Southern Europe

Table	Page (text)	Page (App. B)
31. Basic Data on Economic Levels in Southern Europe	76	
32. Standards of Consumption, Health, Education, Transport and Communications in Southern Europe	78–9	*308*
33. Occupational Distribution of Active Male Population in Southern European Countries and Selected Western European Countries	81	*299*
34. Active Population in Agriculture	82	*299*

Chapter 6. — Turkey

Table	Page (text)	Page (App. B)
35. Indicators of Economic Progress in Turkey	86	
36. Distribution of Active Population in Turkey, by Occupations	86	
37. Utilization of Arable Land in Turkey	87	
38. Investment in Agriculture in Turkey	88	
39. Manufacturing Production by Sectors	89	
40. Increase in Gross Domestic Product in Turkey by Sectors	91	
41. Estimates of the Distribution of Gross Fixed Investments in Major Sectors in Turkey	92	
42. Turkey : Indicators of Regional Differences	93	

Chapter 7. — Greece

Table	Page (text)	Page (App. B)
43. Area and Yields of Selected Crops in Greece	96	
44. Gross National Product and Expenditure of Greece	98	
45. Greece : Balance of Payments on Current Account	99	
46. Land Distribution in Greece, 1929 and 1950	100	
47. Greece : Gross Fixed Capital Formation	104	

Chapter 8. — Yugoslavia

Table	Page (text)	Page (App. B)
48. Yugoslavia : Trade by Country	112	
49. Percentages of Gross National Product	112	
50. Industrial Production by End Use in Yugoslavia	113	
51. Distribution of Land Holdings in Vojvodina	117	
52. Index Numbers of Industrial Production in Yugoslavia	119	
53. Employment in Industry and Handicrafts in Yugoslavia in 1952	121	

Table — Page (text) — Page (App. B)

Chapter 9. — SOUTHERN ITALY

54. Summary Indicators of Regional Differences in Italy, 1952 . . . 123
55. Occupational Distribution, Income and Levels of Consumption in Southern and Northern Italy 124
56. Population Movements from 1871 to 1951 . . . 125
57. Prospective Natural Increase of Population . . . 126
58. Structure of Agricultural Production in Southern Italy, 1951 . . . 128
59. Employment in Selected Industries, 1951 . . . 129
60. Employment in Commercial Services . . . 129
61. Number of Pupils and Students in Secondary Schools and Universities, 1950–1951 . . . 130
62. Wheat Acreage and Yields . . . 135
63. Investments by the Cassa per il Mezzogiorno . . . 136
64. Resources used per Thousand Hectares of Agricultural Area, 1951–1952 . . . 138

Chapter 10. — SPAIN

65. Agricultural Production and Total Population in Spain . . . 141
66. Geographical Distribution of Agricultural Production in Spain, 1950 . . . 142
67. Investments by the Instituto Nacional de Industria . . . 143
68. Production of Coal per Underground Worker in Spain and Selected European Countries . . . 143
69. Spanish Railway Transport . . . 144
70. Output of Selected Industrial Products in Spain . . . 146

Chapter 11. — PORTUGAL

71. Installed Electric Generating Capacity in Portugal . . . 150
72. Production of Selected Manufactured Goods in Portugal . . . 150
73. Exports from Portugal to Countries outside the Escudo Area . . . 151
74. Balance of Payments of the Escudo Area . . . 153
75. Proposed Investments under the Development Plan . . . 154

Chapter 12. — AGRICULTURE

76. Land Utilization and Number of Livestock in 1952 or Latest Available Year . . . 157
77. Average Yields of Wheat and Maize . . . 159
78. Consumption of Fertilizer . . . 162

Chapter 13. — MINING

79. Employment in Mining . . . 164
80. Mining Production in Southern European Countries . . . 165 *292*
81. Topographical and Geological Maps available for Southern European Countries . . . 168
82. Known Mineral Reserves of Southern European Countries . . . 169

Chapter 14. — MANUFACTURING

83. Active Population in Manufacturing Industries per Thousand Persons aged Fifteen Years and above . . . 174 *299*
84. Production of Selected Industrial Commodities per Head of Total Population . . . 175 *295*

Chapter 15. — INTERNAL ASPECTS

85. Central Government Taxes as Percentage of the Gross National Product . . . 189
86. Distribution of Central Government Taxes by Main Categories . . . 190

Chapter 16. — EXTERNAL ASPECTS

87. Emigration from Southern Europe . . . 193
88. Hypothetical Changes in Population in Southern European Countries from 1950 to 1980 . . . 194
89. Structure of Imports into Southern European Countries . . . 196

Table		Page (text)	Page (App. B)
90.	Structure of Exports from Southern European Countries	197	
91.	Exports of Selected Foods, Wine and Tobacco from Southern Europe	198	*298*
92.	Supplies of Vegetables and Fruit in Western Europe	199	
93.	Relative Price of Fruit and Vegetables and Their Share in Total Food Consumption	200	
94.	Consumption Levels for Vegetables, Fruit and Wine	201	

Appendix to Chapter 16

EXPORT MARKETS FOR SOME PRODUCTS OF SOUTHERN EUROPEAN AGRICULTURE

Table		Page (text)	Page (App. B)
95.	Imports of Selected Commodities into Specified Countries by Area of Origin	209	
96.	Share of Southern Europe in Total Imports of Selected Commodities into the United Kingdom, France and Germany	208	
97.	Exports of Wine from Southern Europe by Countries of Destination	210	
98.	Exports of Raisins and Currants from Turkey and Greece by Countries of Destination	211	
99.	Exports of Citrus Fruit from Italy and Spain by Countries of Destination	212	
100.	Exports of Leaf Tobacco from Southern Europe by Countries of Destination	214	
101.	Production and Imports of Tobacco in Western Europe	214	
102.	Prices of Turkish and Greek Tobacco as a Percentage of United States Tobacco Prices	215	

INDEX OF CHARTS

		Page (text)	Page (App. B)
1.	Percentage Changes in Industrial Production between 1952 and 1953	2	
2.	Cumulative Net Surpluses or Deficits of E.P.U. Member Countries, July 1950 to November 1953	10	
3.	The Volume of Industrial Production in O.E.E.C. Countries and of Trade between them	11	*305*
4.	Industrial Production	27	*292*
5.	Structure of Production and Demand	29	*301*
6.	Effects on National Product of Changes in Output-generating Expenditure	33	*303*
7.	Effects on Industrial Production of Changes in the Expenditures which generate it	36–7	*303*
8.	Major Economic Regions of Turkey	93	
9.	Agricultural Zones in Southern Italy	127	
10.	Index Numbers of Manufacturing Production, including Electricity	176	*293*

APPENDICES

Appendix A. — Supplementary Statistics

Table		Page (text)	Page (App. B)
I.	Index Numbers of Industrial Production in Western Europe	219	*290*
II.	Index Numbers of Employment in Industry in Western Europe	220	*299*
III.	Index Numbers of Energy Production	220	*290*
IV.	Index Numbers of Metal Mining and Metal Making	221	*290*
V.	Index Numbers of Production in Metal-using Industries	221	*290*
VI.	Index Numbers of Chemical Production	222	*290*
VII.	Index Numbers of Textile Production	223	*290*
VIII.	Index Numbers of Production in the Food, Beverages and Tobacco Industries	223	*290*
IX.	Hard Coal—Production, Trade and Apparent Consumption	224	
X.	Production of Electric Power	225	
XI.	Finished Steel—Production, Trade and Apparent Consumption	226	
XII.	Construction of Dwellings and Indicators of Total Building Activity	227	
XIII.	Motor Vehicles—Production, Trade and Available Supplies	228	
XIV.	Index Numbers of the Cost of Living	229	
XV.	Volume of Consumption	230	
XVI.	Prices of Basic Commodities	231	
XVII.	Balance of Payments of Europe and Other Areas with the United States	232	*304, 308*

Table		Page (text)	Page (App. B)
XVIII.	European Payments Union : Monthly Balances of Each Member with the E.P.U. Area and the Financing of Cumulative Net Positions	233	
XIX.	Index Numbers of Unit Values for Total Imports and Exports	234	*305*
XX.	Index Numbers of Import and Export Unit Values for Major Commodity Groups	235	*305*
XXI.	Index Numbers of the Volume of Imports and Exports of Fifteen European Countries	236	*305*
XXII.	Index Numbers of the Volume of Imports and Exports by Major Commodity Groups	237	*305*
XXIII.	Imports and Exports of Eighteen European Countries and the United States according to Areas of Origin and Destination	238–41	*305*
XXIV.	Trade of Eighteen European Countries and the United States with Overseas Countries	242–3	*305*
XXV.	Imports of Wheat (Unmilled) into Selected Western European Countries by Area of Origin	244	*304*
XXVI.	Imports of Maize (Unmilled) into Selected Western European Countries by Area of Origin	245	*304*
XXVII.	Imports of Sugar into Selected Western European Countries by Area of Origin	246	*304*
XXVIII.	Imports of Raw Tobacco into Selected Western European Countries by Area of Origin	247	*304*
XXIX.	Imports of Oil-seeds into Selected Western European Countries by Area of Origin	248	*304*
XXX.	Imports of Rubber into Selected Western European Countries by Area of Origin	249	*304*
XXXI.	Imports of Timber into Selected Western European Countries by Area of Origin	250	*304*
XXXII.	Imports of Wood-pulp into Selected Western European Countries by Area of Origin	251	*304*
XXXIII.	Imports of Raw Wool into Selected Western European Countries by Area of Origin	252	*304*
XXXIV.	Imports of Raw Cotton into Selected Western European Countries by Area of Origin	253	*304*
XXXV.	Imports of Crude Petroleum into Selected Western European Countries by Area of Origin	254	*304*
XXXVI.	Imports of Refined Petroleum into Selected Western European Countries by Area of Origin	255	*304*
XXXVII.	Imports of Fats and Oils into Selected Western European Countries by Area of Origin	256	*304*
XXXVIII.	Imports of Copper into Selected Western European Countries by Area of Origin	257	*304*
XXXIX.	Exports of Selected European Countries and the United States, by Main Commodity Groups and by Area of Destination	258–65	*306*
XL.	Soviet Production of Industrial Consumer Goods	266	*295*
XLI.	Sown Area in the Soviet Union	267	*295*
XLII.	Disposal of Agricultural Products in the Soviet Union	268–9	*296*
XLIII.	Production of the Soviet Foodstuffs Industry	270	*295*
XLIV.	Industrial Production in Bulgaria	271	*294*
XLV.	Industrial Production in Czechoslovakia	272	*294*
XLVI.	Industrial Production in Eastern Germany	273	*294*
XLVII.	Industrial Production in Hungary	274	*294*
XLVIII.	Industrial Production in Poland	275	*294*
XLIX.	Industrial Production in Rumania	276	*295*
L.	Gross Output of Industry and Industrial Employment in Eastern Europe and the Soviet Union	277	*291*
LI.	Index Numbers of Wholesale Prices in Selected Western European Countries by Sectors	278	*300*
LII.	Output of Producer Goods in Yugoslavia	279	
LIII.	Output of Consumer Goods in Yugoslavia	280	
LIV.	Retail Prices in Bulgaria and Rumania	281	*301*
LV.	A. Rationed and Free Market Prices of the Constituents of the Cost of Living in Czechoslovakia, 1950–53	282–3	*301*
	B. Rationed and Free Market Prices of the Constituents of the Cost of Living in Eastern Germany, 1950–53	284–5	*301*
	C. Prices of Some Constituents of the Cost of Living in Hungary, 1950–53	286	*301*
	D. Rationed and Free Market Prices of the Constituents of the Cost of Living in Poland, 1950–53	287	*301*

SYMBOLS EMPLOYED

The following symbols have been used throughout this Survey :

.. = not available or not pertinent
— = nil or negligible
▪ = revised figure
* = estimate by the secretariat of the Economic Commission for Europe.

In referring to combinations of years, the use of an oblique stroke—*e.g.*, 1951/52—signifies a 12-month period (say from 1 July 1951 to 30 June 1952). The use of a hyphen—*e.g.*, 1950-52—signifies an average of the full period of calendar years covered (including the end years indicated).

Unless the contrary is stated, the standard unit of weight used throughout is the metric ton. The definition of " billion " used throughout is one thousand millions. Minor discrepancies in totals and percentages are due to rounding.

In general, information received up to 31 December 1953 has been included in the Survey.

ERRATA

Chapter 1. — Developments in Western Europe in 1953

Page 21, left-hand column, line 19 : For " $2 million " read " $2 billion ".

Page 24, right-hand column, paragraph 2, line 8 : For " French investment " read " total investment ".

Page 24, footnote 4 ; line 1 : Delete " French "; for " these territories " read " North Africa ".

Chapter 14. — Manufacturing Industry

Page 173, left-hand column, line 8 : For " still below one-third " read " no more than one-third ".

PART I

WESTERN EUROPE

Chapter 1

DEVELOPMENTS IN WESTERN EUROPE IN 1953

The characteristic of the recent economic history of western Europe, starting in 1952 and extending throughout 1953, was the relaxation of most of the strains which had manifested themselves during virtually the whole of the previous post-war period. In their external relations, most countries enjoyed increased exports and a favourable balance in payments with the dollar area, and considerable additions were made to reserves of convertible assets. There was the same ease in payments relations with other overseas areas and, though the volume of European exports to these areas fell, this was in part simply the necessary correction of unintended surplus positions. Within western Europe also, there was an easing of payments strains which in 1952 had seemed to threaten a growing limitation of intra-European trade, and trade rose again. Internally, price levels were under little pressure and, almost without exception, currencies maintained or even increased their purchasing power. Rearmament expenditure reached a plateau. The real income of the great majority of countries benefited significantly from further improvement in the terms of trade between manufactures and primary commodities. This general easing of pressures created favourable conditions for the abandonment or limitation of such administrative interferences with the workings of the market as remained, and the opportunities were generally seized.

A less favourable aspect of these otherwise welcome developments is that the relaxation of strains was unaccompanied by any strong and unambiguous growth in the production and productive power of western Europe. Although most countries experienced a recovery from the recession which had afflicted various industries in 1952—and some countries recorded a considerable growth in industrial production—there was in general no return of the climate of confident expansion which had characterized the years up to 1950. The increasingly evident weakness of demand for the products of the engineering and metal-using industries, in face of a high level of orders for defence purposes, reflected a substantial decline in private investment demand, in spite of the generally acknowledged need for a further extension and renewal of the capital base of European industry.

Moreover, the great improvement of the external position may be seen to have resulted in considerable measure from special, and sometimes clearly temporary, factors : in particular, the growth of extraordinary external disbursements by the United States; the maintenance, despite fears or definite signs of weakening, of a high level of business activity in that country and one which in some respects particularly favoured the exports of European countries ; the abnormally low level of demand for imports by European countries ; and the continued improvement in their terms of trade which had not set in motion a cumulative contraction in overseas demand.

These considerations render somewhat problematical the ability of western Europe to guard against serious consequences, either external or internal, should recession tendencies in the United States, on which attention became increasingly concentrated at the end of the year, become more pronounced. The more guarded tone with which the possibility of an early move to general convertibility for European countries was discussed may be taken to reflect these uncertainties as well as the awaiting of a positive lead from the United States in its foreign economic policies.

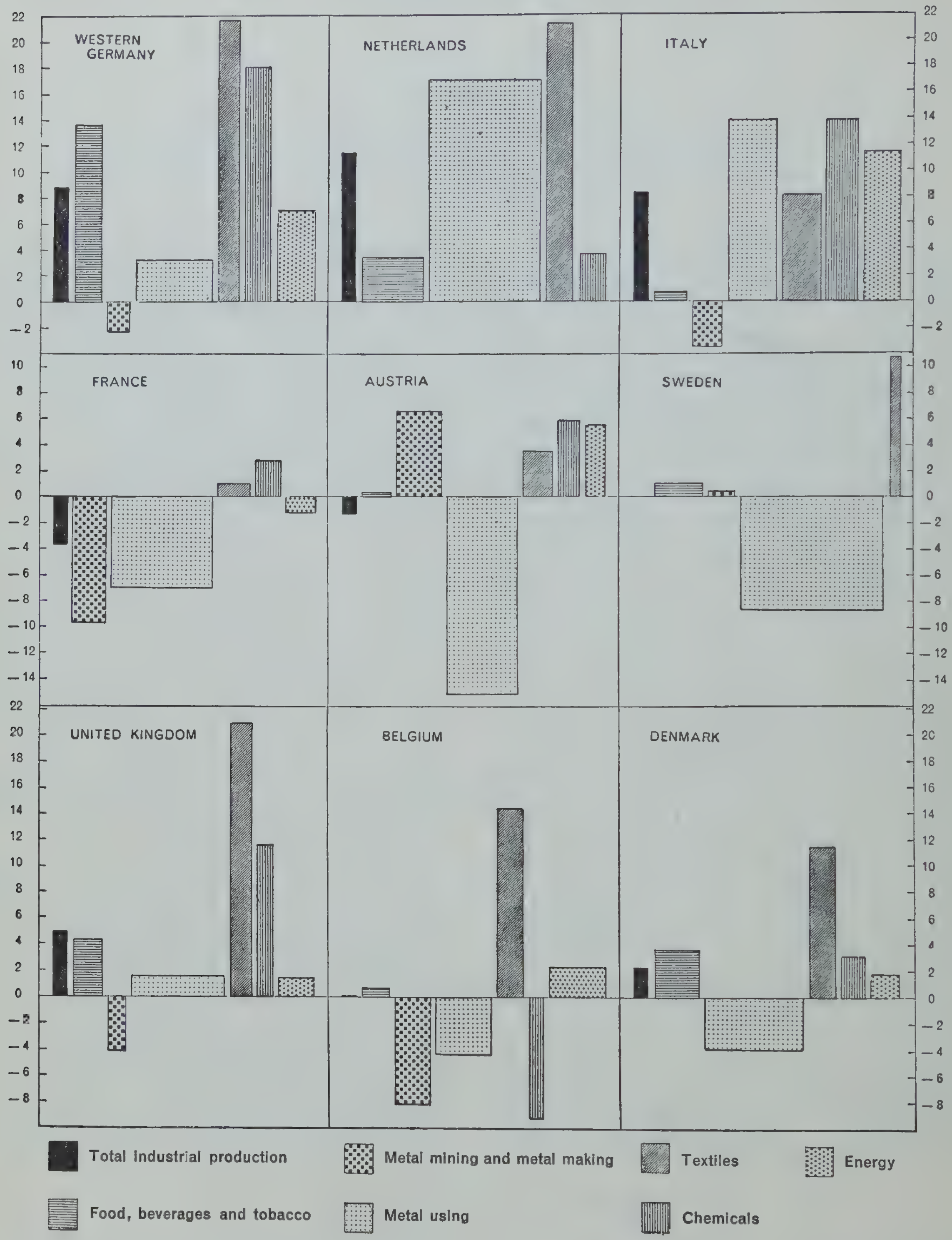
1. Production and Employment

Industrial Production

During the course of 1953, western European industry shook off some of the tendencies to recession which had shown themselves in 1952. It will be seen from Chart 1 that, in a majority of countries, industrial production in the first nine months of the year exceeded, or at least equalled, that of 1952. Expansion was particularly vigorous in western Germany, Italy and the Netherlands. The picture is, however, a

Chart 1

PERCENTAGE CHANGES IN INDUSTRIAL PRODUCTION BETWEEN 1952 AND 1953 [a]



Sources : Appendix Tables I and III to VIII.

NOTE. — The relative thicknesses of the blocks for each country indicate the shares of the different industries in total industrial production in 1952. Metal mining and metal making are included with metal using in the Netherlands and Denmark. Data on energy in the Netherlands and Sweden and on chemicals in the latter country are not available. Total industrial production in Sweden was at the same level as in the first nine months of 1952.

[a] The comparison is between the first nine months of the two years except for chemicals in the Netherlands and the United Kingdom, where it is between the first half-years.

mixed one and, for western Europe as a whole, the recovery has to be characterized as still somewhat hesitant. In Austria, Finland, Sweden and the Belgium-Luxembourg Economic Union, production barely reached the level of 1952, although Austrian production was rising rapidly in the later months of 1953, and in France—a unique case—the latest available data give no indication that the phase of contraction has yet come to an end.

When attention is directed to the individual industrial sectors represented in Chart 1, the picture becomes much more homogeneous. As has frequently been remarked, the visible symptoms of recession appeared first in industries producing primarily for current consumption and, when demand for the products of these industries began to regain its strength, a progressive weakening of the demand for capital goods became manifest.

The recovery in consumer-goods production was most marked in the textile industries, which had led the recession both in time and amplitude. In all countries with the exception of Yugoslavia, textile production exceeded the level of 1952. Indeed, for some countries the recovery was so vigorous as to carry production beyond the record heights of 1951.[1] This was most notable in western Germany, Ireland and the Netherlands, but even in the United Kingdom the average level of textile production in the first nine months of the year was only marginally below that for 1951 as a whole. The absence of any significant correlation between the extent of the recovery of textile production and the degree of dependence of different countries on textile exports suggests that, as in the recession,[2] developments in exports have not been the decisive factor. It seems, indeed, that changes in the rate of investment in stocks of textile products have been an important cause of the resurgence of production, a view to which the data in Table 1 lend some colour. In the absence of any direct information on changes in stocks, it is impossible, however, to determine whether continuance of the rate of growth of stocks in 1953 can reasonably be foreseen.[3]

As would be expected, in view of the moderate dimensions of the fall in output and incomes, the non-durable character of their products and the extent to which their production is for the western European market, the food, drink and tobacco industries suffered comparatively little check to production in 1952, and in a majority of countries output in that year was higher than in 1951. In 1953 there was a further growth in production ; in none of the countries shown was output lower than in the preceding year and in most countries it was above that of 1951.

Table 1

THE LEVEL OF PRODUCTION, CONSUMPTION AND EXPORTS OF TEXTILES IN THE FIRST NINE MONTHS OF 1953 FOR SELECTED WESTERN EUROPEAN COUNTRIES

Index numbers—January–September 1952=100

Country	Production	Consumption	Exports
Belgium	115	97	130
France	101	. .	111
Western Germany . .	121	114[a]	115
Italy	108	. .	124
United Kingdom . . .	121	103	110

Sources : The index numbers are derived from Appendix Tables VII, XV and XXII, and national trade statistics.

[a] January–June 1953.

The trend of production in the metal-using industries, whose markets began to shrink significantly only during the course of 1952, was, in most countries in 1953, contrary to that of the generality of industries producing goods to meet final demand. Only in western Germany, Italy and the Netherlands was production significantly higher than in the previous year. In Italy and the Netherlands,[4] indeed, the output of these industries rose faster than output as a whole, a fact which, in the case of Italy, presumably reflects the part played by investment in stimulating general industrial expansion.[5] In western Germany, however, where the rate of increase of total output was second only to that in the Netherlands, the output of the metal-using industries rose considerably less than the average. In other countries, production generally fell, sometimes substantially. Even in the United Kingdom, where for part of 1952 the output of these industries was hampered by shortage of metal, the easing in the supply position coincided with a shrinkage in demand, so that, in 1953, production was only slightly above the level of the preceding year.

---

[1] It should be noted, however, that the comparison is with the average rate of production in 1951 ; production has scarcely anywhere regained the levels reached in the early part of that year.

[2] See *Economic Survey of Europe since the War*, E/ECE/157, United Nations, Geneva, 1953, page 187.

[3] Stocks were certainly reduced in 1952 and the mere cessation of this process would remove one of the influences which was depressing production. What is not clear is the degree to which production in 1953 was sustained by additions to stocks.

[4] The index for metal-using industries for the Netherlands includes also metal making. Increases in the latter must have accounted for about one-fifth of the total increase.

[5] See Chapter 9.

Since in most of the countries rearmament programmes made greater calls on the metal-using industries in 1953 than in 1952, their relatively depressed condition implies a rather marked contraction in civilian demand, an implication which is borne out by the state of order books in those countries for which such information is available. It may be doubted whether the degree of recovery in other industries has as yet become so strong as to produce a substantial strengthening of demand for the capital goods produced by the metal-using industries.

Within the metal-using group, the motor-car industry remained generally free from any difficulties in disposing of its products, and output rose in the four main producing countries. The expansion was particularly marked in the United Kingdom, where production had been limited in 1952 by material shortages ; in spite of some passing difficulties in the first quarter, when the home market was disturbed by expectations of purchase-tax reductions, the motor industry produced one-third more cars in the first nine months of 1953 than in the same period a year earlier. The whole of the increment in production was, however, sold on the home market ; exports, which had fallen in 1952, shrank further during 1953 (see Table 2). This sudden increase in supplies to the home market seems already to have made significant inroads into the accumulated demand which has overhung the market ever since the end of the war and competition in both design and price has become much fiercer. The market situation has developed in a similar way in the other major producing countries, where sales to the home market have for some years been on a more generous scale than in the United Kingdom. It remains somewhat puzzling that accumulated demand should be melting so rapidly when, in the United Kingdom for example, the present volume of home market sales is no more than enough to meet a roughly ten-year [1] replacement rate for the existing vehicle park. There has naturally been speculation as to whether it will be possible to maintain production at current levels when the backlog disappears, even if exports do not shrink further.[2] For commercial vehicles, accumulated demand appears to have been liquidated more quickly. In the United Kingdom, for example, production was slightly lower in 1953 than in 1952, the home market failing to absorb the whole of the increased supplies made available by the fall in exports. Only in Italy was there any increase in production. It appears, however, from the data in Table 3 that the transportation equipment industries generally have fared better than the rest of the metal-using industries.

Table 2

SUPPLIES OF MOTOR VEHICLES TO THE HOME MARKET IN 1952 AND 1953 [a]

	As percentage of vehicles in use		As percentage of production	
	1952	1953	1952	1953
Passenger cars				
France	17.7	17.7	79.0	78.8
Western Germany . .	17.1	19.2	68.8	64.2
Italy	18.3	21.3	83.9	81.3
United Kingdom . .	3.7	9.7	23.6	46.2
Commercial vehicles				
France	11.3	10.1	82.9	82.4
Western Germany . .	7.8	7.3	65.7	67.1
Italy	9.3	12.9	105.4	116.4
United Kingdom . .	9.7	11.7	43.9	54.7

Sources : Appendix Table XIII, *Monthly Digest of Statistics*, November 1953, *Wirtschaft und Statistik*, November 1953, *The Motor Industry of Great Britain*, 1953, The Society of Motor Manufacturers and Traders Ltd.

[a] Data for January–September in each year, expressed at an annual rate.

Table 3

THE RATE OF PRODUCTION OF TRANSPORT EQUIPMENT COMPARED WITH THAT OF ALL METAL-USING INDUSTRIES

Index numbers—1950=100

Country	1952 January–September	1953 January–September
France	86	97
Western Germany . . .	107	112
Italy	93	103
United Kingdom . . .	96	103

Source : Appendix Table V.

NOTE. — Shipbuilding is excluded from the comparison.

The contraction in the metal-using industries was naturally reflected in a fall in their demand for metals, particularly steel. In all countries except Austria, Norway and Sweden, production of metals was lower than in 1952. This was so even in western Germany, where the metal-using industries expanded somewhat, and in the United Kingdom, where steel production, earlier hampered by material shortages, increased substantially. Production of non-ferrous metals in the latter country fell very sharply in 1953, which suggests that there was substantial stocking in the one period or substantial de-stocking in the other.[1]

---

[1] In France, western Germany and Italy, however, sales to the home market in 1953 (at an annual rate) were equivalent to something like a five-year replacement rate for the present motor-car park.

[2] In the United Kingdom, part of the explanation may lie in expectations of further price falls, whether through tax cuts or for other reasons.

Production of finished steel in western Europe as a whole fell by some 570,000 tons, or 2 per cent, between the first nine months of 1952 and the first nine months of 1953. This fall, the first in any year since the war, occurred in spite of an increase of some 650,000 tons in production in the United Kingdom.[2] Even in the United Kingdom, however, apparent consumption was little higher than in the previous year. Higher production went largely to replace imports, which had been abnormally large in 1952. The other major steel producers of western Europe did not have this possibility of maintaining production and, instead, were adversely affected by the decline in other countries' imports. In the first nine months of 1953, the net exports of the countries of the European Coal and Steel Community were some 11 per cent lower than in the corresponding period of 1952, although they were somewhat higher than in the last quarter of 1952, when they slumped sharply. Since production in the metal-using industries rose in three of the countries of the Community (and building output was higher in most), the fall of roughly 4 per cent in apparent consumption of finished steel in the six countries combined must to a considerable extent reflect reductions in stocks by merchants and consumers.

In view of the extent to which business sensitivity to price changes has been sharpened by prolonged experience of inflation, it is not surprising that the fall in apparent steel consumption was most marked in France—a contraction of no less than one-fifth in France and the Saar together compared with the first three quarters of 1952. In the Belgium-Luxembourg Economic Union, also, the fall in apparent consumption was much more pronounced than that in metal-using production. In Italy, although the output of the metal-using industries rose by 14 per cent, apparent consumption of steel declined slightly. Western Germany and the Netherlands were the only countries in which apparent consumption was higher than in the corresponding period of 1952 ; in the latter country, the increase was particularly great.[3] In western Germany, nevertheless, steel production was lower than in the preceding year, since imports, having risen sharply in the last quarter of 1952, remained at this high level during the first half of 1953.[4]

In virtually no country did energy bottlenecks provide any obstacle to the recovery of production.[5] Indeed, such difficulties as arose in the field of energy were the product of too little rather than too much demand. This is particularly evident in the case of coal. It may be seen from Table IX of Appendix A that production of hard coal in western Europe in the first nine months of 1953 was marginally lower than in the same period of 1952. It is true that most of this fall took place in the United Kingdom, where it reflected, at least proximately, supply rather than demand limitations ; indeed, the unsatisfactory stock position led the Government, in the middle of the year, to authorize imports of coal. Elsewhere in western Europe, however, the fall in production took place in spite of a considerable reduction in imports, primarily of American coal.[6]

The fall in apparent consumption, in the face of a rise in total industrial production, suggests that there must have been a substantial change in buying for stock in coal also. Since pithead stocks rose, except in the United Kingdom, the changes in the inventories of coal consumers must have been all the sharper.[7] Presumably another part of the explanation is to be found in the shift in the pattern of production, with the decline of production in heavy and a rise in light industry. The fall in steel production, for instance, must have cut the demand for coal. Finally, climatic factors played their part ; average temperatures were higher than in 1952, while abundant rainfall permitted higher output of hydro-electricity and so diminished the demand for thermal energy. Production of electric power (thermal and hydro) was, in fact, higher in almost all countries, and lower in none, than in the first nine months of 1952. This reflects, not only the favourable weather conditions already referred to, but also the continued expansion of generating capacity.

---

[1] It is also probable that part of the fall in demand for non-ferrous metals was a direct consequence of the greater availability of steel.

[2] Production increased in Sweden also, in replacement of imports.

[3] As was that in the output of the metal-using industries.

[4] The explanation of this increase in imports seems to lie less in the impact of the common market—imports began, in fact, to fall in the second half of the year—than in the measures taken by the Government in the autumn of 1952 to encourage imports, in order to limit the rise when control over steel prices was removed.

[5] Exceptions must be made to this, as to some other generalizations, for some of the under-developed countries of southern Europe where there are chronic energy bottlenecks. See Part III of this SURVEY.

[6] Imports of American coal into western Europe fell from 25 million tons in 1951 to 20 million tons in 1952 and 7 million tons in 1953.

[7] Developments appear to have been different, however, in the United Kingdom from those in most other countries. In the United Kingdom, apparent consumption in the first nine months of 1953 was lower than in the corresponding periods of either 1952 or 1951. In the countries of the European Coal and Steel Community, apparent consumption rose sharply in 1952 but fell back in 1953 to the level of 1951.

In most countries where the recovery of production was fairly vigorous, it was reflected in some rise in employment in industry (see Table II in Appendix A). The main exception to this generalization is Italy, where, in spite of a marked increase in industrial production, the statistics suggest a slight decline in employment. Given the degree of under-employment in Italian industry, the relative movements in output and employment are, perhaps, scarcely surprising. In Belgium, Finland, France and Sweden, where there were few signs of recovery, industrial employment in the middle of the year was still below the level of 1950 and in Belgium and Sweden it appears to have been falling during the course of the year.

Agricultural Production [1]

With the continued growth of agricultural production, both at home and overseas, the remaining traces of market shortages of food virtually disappeared in western Europe. In the United Kingdom, where it had been most strongly entrenched, food rationing was progressively discontinued in the course of 1953 and it is to disappear altogether in 1954.

Except in Spain, the cereal harvest was generally abundant. More grain was available for export in Turkey and France, and even Sweden had wheat to export. Export prices were below those paid to farmers in these countries. Higher production was the result primarily of substantial increases in yields. Except in Greece and Turkey, the area sown to cereals was lower than in 1952. This fall may in some measure reflect the changed conditions in the world wheat market, with overseas production rising and prices falling. The carry-over of stocks from the harvest of 1952 was extremely large in the main overseas exporting countries—some 29 million tons for the United States, Canada, Argentina and Australia combined on 1 August 1953, compared with an average of 15 million tons during the period 1948–1952—and their 1953 harvests were generally extremely good. This situation has been reflected in world market prices. At the beginning of 1954, wheat was imported into Europe at prices only slightly above the minimum fixed in the International Wheat Agreement and the indications are that prices will fall further.[2] The result is that the guaranteed prices for domestic grain in a number of countries are now considerably higher than the world market price ; guaranteed prices have become, explicitly, producers' supports.

Developments on the world market and in western Europe have been similar in sugar and oil-seeds to those in cereals. Overseas sugar production increased strongly in 1953. In western Europe, on the contrary, most countries planted a smaller area to sugar beet. The fact that sugar production was nevertheless higher in almost every country reflects the very high yields of beet per hectare and of sugar per beet. World prices of vegetable oils fell in 1952, and the relative stability which they enjoyed in 1953 was at a level below that ruling before the outbreak of war in Korea.[3] This fall in world prices was followed by a cut in guaranteed prices for oil-seeds in western Europe, and, in turn, by a sharp decline in the area sown. Total production of rapeseed in 1953 is estimated to have been only one-half that of 1952.[4]

Production of meat increased generally in western Europe and, in particular, that of pork in Denmark, whose exports of livestock products reached a record level in 1953. The United Kingdom's imports of meat were considerably higher than in the previous year. While the contract prices which it paid to Denmark and the Netherlands were slightly reduced, those paid to Australia and New Zealand increased somewhat. Livestock prices in Europe in 1952/53 fell somewhat, the fall being particularly substantial in France. In some countries this trend seems to be continuing in 1953/54, although in western Germany prices are increasing because of a fall in pig numbers. Further increases in meat production are likely in Denmark, the Netherlands and the United Kingdom.

The fall in grain prices stimulated a rise in egg production, and egg prices are expected to fall in the spring of 1954. Milk production rose in almost all countries, although much of the increase was converted into butter. Norway and Sweden, as well as the traditional exporters, Denmark and the Netherlands, had bigger export surpluses of butter, of which the Soviet Union has taken large quantities.

---

[1] The present situation and problems of European agriculture are discussed in *European Agriculture : A Statement of Problems* (E/ECE/175), Geneva, 1954.

[2] They would already have done so in 1953 but for official support, particularly that of the United States.

[3] Margarine consumption increased further at the expense of butter during 1953.

[4] In France, Sweden, western Germany—the main countries producing oil-seeds—the 1953 harvests are provisionally estimated at 100,000 tons, 115,000 tons and 30,000 tons respectively, as against 225,000 tons, 230,000 tons and 56,000 tons in 1952.

2. Internal Financial Positions

The unwonted stability in the value of their currencies which most western European countries began to enjoy after the end of 1951 suffered no shock from the modest recoveries in output and activity described in the previous section. Although the index numbers of the cost of living presented in Table XIV of Appendix A give only an imperfect indication of changes in the general level of domestic prices, there is no reason to question the general story which they tell. In no country save Greece was there any significant increase in the cost of living and in a number of countries it fell. The rise of 15 per cent which occurred in Greece from April to October 1953 was scarcely more than could be expected under the impact of a devaluation of no less than 50 per cent. In Austria, by contrast, the devaluation of May had, by October, produced only small effects on the domestic price level and, indeed, the cost-of-living index was lower than at the beginning of the year. Given the prolonged experience of major inflation which both countries have had in the past, it is reasonable to suppose that the rise in import costs which followed the devaluations was reflected very quickly in the domestic price level, so that the direct effects of the change must already be largely spent.

The continued fall in import prices must have helped to fortify the value of money. In the light of the fairly modest increases in output per man in most countries, and of the general tendency for wages to rise somewhat, it seems improbable that reductions in labour costs can have contributed much to price reductions. Little information is available on profit margins. The course of export prices (see Table XIX) suggests, however, that there must have been some reduction in export profit margins, although in a number of cases this may have served only to close a previously existing gap between the rates of profit earned on foreign and domestic business.[1]

The continued stability, and in some countries improvement, in the value of money does not appear to have been the product of any further tightening in monetary discipline. In all the major countries the money supply increased, the increase in most cases reflecting primarily a rise in the supply of bank credit to the private sector. Central bank discount rates, which had been raised in most countries during 1951 and early 1952, were reduced in all the major countries, save Italy, and long-term interest rates tended to decline everywhere except in France.

In certain countries, particularly western Germany and Switzerland, the increase in liquidity generated by export surpluses has created some misgivings. At times, these find expression in the complaint that such high liquidity carries with it inflationary dangers—a complaint suggesting an aversion to the traditional " rules of the game " which bodes ill for any move towards greater freedom and automatism in international economic relations. Fortunately, less extreme attitudes are to be found. In both countries a good deal of the surplus has been with the E.P.U. area, and the general criticism has been of the undirected and unremunerative [2] character of such foreign lending. In western Germany, however, the complaint goes deeper. It is suggested that a country whose internal capital needs are so great cannot afford to lend to others as it has done during the last two years. The implication is that domestic investment is held up by lack of finance and that savings, because of special obstacles and institutional arrangements, are directed to financing an export surplus.

There is, in fact, little reason to believe that, in recent years, investment has been held, by shortage of funds, below the limits set by specific bottlenecks or the willingness of industry to invest. On the other hand, industry's willingness to invest can scarcely remain unaffected by the very high interest rates demanded. In turn, these partly reflect the desire of the commercial banks to expand their operations in order to rebuild their capital and their consequent willingness to pay high rates on deposits. The absorption of savings, beyond their needs, by certain Government departments which, through the operation of various subsidy arrangements, are able, in effect, to borrow long and lend short must also have exercised an influence. Finally, during 1953, the Government was accumulating an uncovenanted cash surplus, because the occupation authorities were calling for reimbursement of their costs at a slower rate than that foreseen in the budget.

The recent situation no doubt reflects these and other transient factors. It remains to be seen, however, whether the experience of two massive inflations has not led the German people to demand too high a price for sacrificing liquidity in their savings. If the remarkable price stability which has been experienced since the currency reform and still continues is unsuccessful in changing such attitudes, the paradox of a country with great capital deficiencies needing, nevertheless, a substantial export surplus in order to maintain economic expansion may well become more sharply defined.

---

[1] Inasmuch as published figures for profits usually include stock appreciation, results for 1953 may well show increases over those for 1952 even if profits excluding stock appreciation have fallen.

[2] E.P.U. having been intended essentially as a clearing union and not as a vehicle for long-term lending, credits granted to it yield only very low interest.

France, where the symptoms of inflation psychosis have been very evident in most years since the war, has shared the common experience of greater monetary stability during the last two years. The cost-of-living index in the autumn of 1953 was even slightly below the level at the beginning of 1952 ; the price of the gold napoleon fell by 25 per cent during the course of 1953 and gold hoarding and capital flight diminished. But, as was noted in section 1, this relaxation of inflationary forces has coincided with a relapse in production. Indeed, the two features are, to a large degree, only opposite sides of the same coin. With the halt to price increases, which earlier had validated automatically almost any investment, there has been a sharp fall in private investment, in both France and North Africa.[1] For its part, the Government has been unwilling to increase publicly financed investment lest it strain the apparently fragile check to inflation.[2]

In short, the French Government seems to be faced with the familiar dilemma of choosing between monetary stability and economic expansion. What is needed to stimulate renewed growth in production is public action, including credits, to stimulate investment. But long experience has conditioned the French people to regard the size of the Government deficit and the level of Government borrowing from the Bank of France as the most sensitive barometer of inflationary weather. Hence the reluctance of the Government to take vigorous action on capital account. Certain measures have been taken to stimulate private investment, most notably the halving of production tax on investment goods.[3] But public credit for house-building—one of France's most pressing needs and, perhaps, the surest catalyst of an expansionary process—is still relatively modest and, more generally, the 1954 budget, as at present framed, gives little promise of providing a sufficient impulse.

There is some reason to believe, however, that the dilemma posed above is now more apparent than real. It is significant that the financial crisis of the spring of 1953, which ended in an increase in the ceiling for advances by the Bank of France from 200 billion to 440 billion francs, was not reflected in the customary pressure on the franc. There are, moreover, more solid grounds for the belief advanced. Given the size of extraordinary receipts from the United States, discussed below, the danger of external crisis is greatly diminished. The possibility that physical bottlenecks within industry will divert expenditure into the channels of price inflation rather than of output expansion has virtually disappeared. The most important factor is, however, the appearance of agricultural surpluses [4] and, in particular, the disappearance of the bottleneck which has played a leading part in every inflationary crisis in the last decade—that of meat. The prices of cattle fell by more than 30 per cent between the beginning of 1952, when they reached their peak, and the autumn of 1953.[5] Indeed, so sharp has been the change in the supply position that the Government, having struggled for years, usually in vain, to stop meat prices from rising, has now been forced to take action to check the fall.[6] These various factors suggest that there now exists a genuine possibility of economic expansion without inflation.

---

[1] For the consequence for French exports, see section 4.

[2] Military expenditure also has ceased to grow.

[3] This is equivalent to a cut of 8 per cent in the price of machinery.

[4] Other than the long-standing surpluses of wine and alcohol.

[5] The fall in retail prices was much smaller, but consumption rose considerably nevertheless.

[6] By increased purchases for the armed forces, stocking and other means.

3. Economic Relations within Western Europe

The last Survey in this series discussed the attempts made since the war to promote closer economic relations between western European countries and the obstacles with which they were confronted.[7] Attention was directed especially to three issues : first, the efforts to move towards a more efficient division of labour by freeing the channels of trade, and the payments strains within Europe which immediately impeded them ; second, the approach towards closer integration in individual economic sectors, in particular the European Coal and Steel Community, where the High Authority is charged with the establishment of a common market for a group of industries the value of whose output approximates to that of total commodity trade between western European countries ; third, the sole example of a serious attempt at comprehensive integration between individual nations—the Benelux Economic Union. The present section reviews briefly developments in these fields during 1953.

Intra-European Trade and Payments

The acute strains within the European Payments Union by which intra-European trade was threatened in the latter part of 1951 and the early part of 1952 relaxed later in 1952. During 1953 the problems of E.P.U. created less anxiety. It may be seen from Chart 2 that the first cause of this relaxation was the decrease in the total of net surpluses and deficits which had to be offset through the Union. Even if payments relations within Europe are structurally compatible—in the sense that over an average of years each member will tend to be in balance with the Union as a whole—there is a limit to the amplitude and duration of the fluctuations with which the Union, as at present constituted, can cope.[1] The biggest single element in the contraction in the size of settlements was the reversal of the position of the United Kingdom.[2]

---

[7] See *Economic Survey of Europe since the War*, especially Chapter 6, pages 121–124, and Chapter 12.

However, although the immediate strains were thus eased, the position of the Union remains highly precarious in the sense that there has been no substantial reduction in the accumulated surpluses of the so-called persistent creditors and, indeed, some of them continued to add to their surpluses during 1953. Western Germany granted a "rallonge" of $100 million on the exhaustion of its quota in May 1953, and two more of the same size had to be arranged in October and November. The Netherlands and Switzerland [3] also granted "rallonges". In short, a large part of the credit in the Union is already frozen and a renewal of the pattern of deficits and surpluses which developed in 1951 would immediately bring into being acute strains.[4]

As already noted, the continued growth in the credit extended to E.P.U. has provoked some adverse comment in western Germany and Switzerland. What is remarkable, however, is that the still-growing surpluses of these and other countries, and the concentration of deficits on France and Italy in particular, have not created greater difficulties. A major part of the explanation lies, undoubtedly, in the generally much more comfortable payments position which most western European countries have enjoyed with the dollar area (see section 4 below). When gold is flowing in on other accounts, it is to be expected that creditors will be less exigent and debtors less reluctant about gold settlements for intra-European positions. In this respect, the position of France was particularly important. France accounted for some 45 per cent of the total net deficits in the Union during the first eleven months of 1953. But, as a result of extraordinary dollar receipts for various objects, it was able to pay $275 million into the Union (60 per cent of all gold payments to the Union in this period), settle its other hard-currency deficits, and still add a little to its slender reserves.[5] Italy, another considerable debtor, has found it possible to make gold settlements from the reserves accumulated during 1951 when it was in surplus. Moreover, the increase in imports from Europe, which caused part of the worsening of Italy's position, had its counterpart in a fall in imports from the dollar area, a factor which had also some importance in the case of Denmark. In Norway, the E.P.U. deficit is to a considerable extent the external reflection of a high investment programme,[6] and an approach to the International Bank has been made to provide the means to finance the deficit.[7]

It is evident, however, that the E.P.U., having been designed as a clearing union, is an unsuitable vehicle for long-term capital flows. If such credits are to be a continuing feature of intra-European economic relations—and, as discussed later in this SURVEY, increasing lending, though not necessarily in present directions, would be very desirable—different channels need to be found through which they can flow. In that case there might be hope that action to deal with the frozen credits which at present impair the flexibility of E.P.U. might be simply a once-for-all operation. The Managing Board of E.P.U. has been examining the steps which might be taken to this latter end.[8]

The relaxation of strains in payments in part explains the fact that intra-European trade rose from the trough into which it fell in 1951. As may be seen

---

[1] When debtors come to settle 100 per cent in gold, their incentive to discriminate in favour of western European countries is greatly reduced, while there is a limit to the extent to which most creditors are prepared to finance 50 per cent of their export surpluses by credit.

[2] From the down-turn in the middle of 1951 to the up-turn in the middle of 1952, the United Kingdom went into deficit with the Union to the extent of $1,670 million. Its surplus in the succeeding twelve months was $420 million. Given the large use of sterling in international trade, swings of this kind—though perhaps of somewhat smaller magnitude—are a perennial possibility.

[3] In spite of the fact that a group of Swiss banks had granted a loan to France of about $23 million in November 1952. This was in part offset, however, by a settlement of $15 million of long-outstanding debts from Germany.

[4] On 31 October 1953, creditor countries had claims of which roughly 60 per cent had been outstanding for over 18 months while the Union had granted credits to debtor countries of which 85 per cent had been frozen for over 18 months.

[5] It is also to be noted that the rate of France's deficit with E.P.U. declined somewhat in the later part of 1953, in part because of an improved trade balance and in part through the check to speculation given by the strengthening of the reserves.

[6] In part quite directly so, as imports of ships have been high.

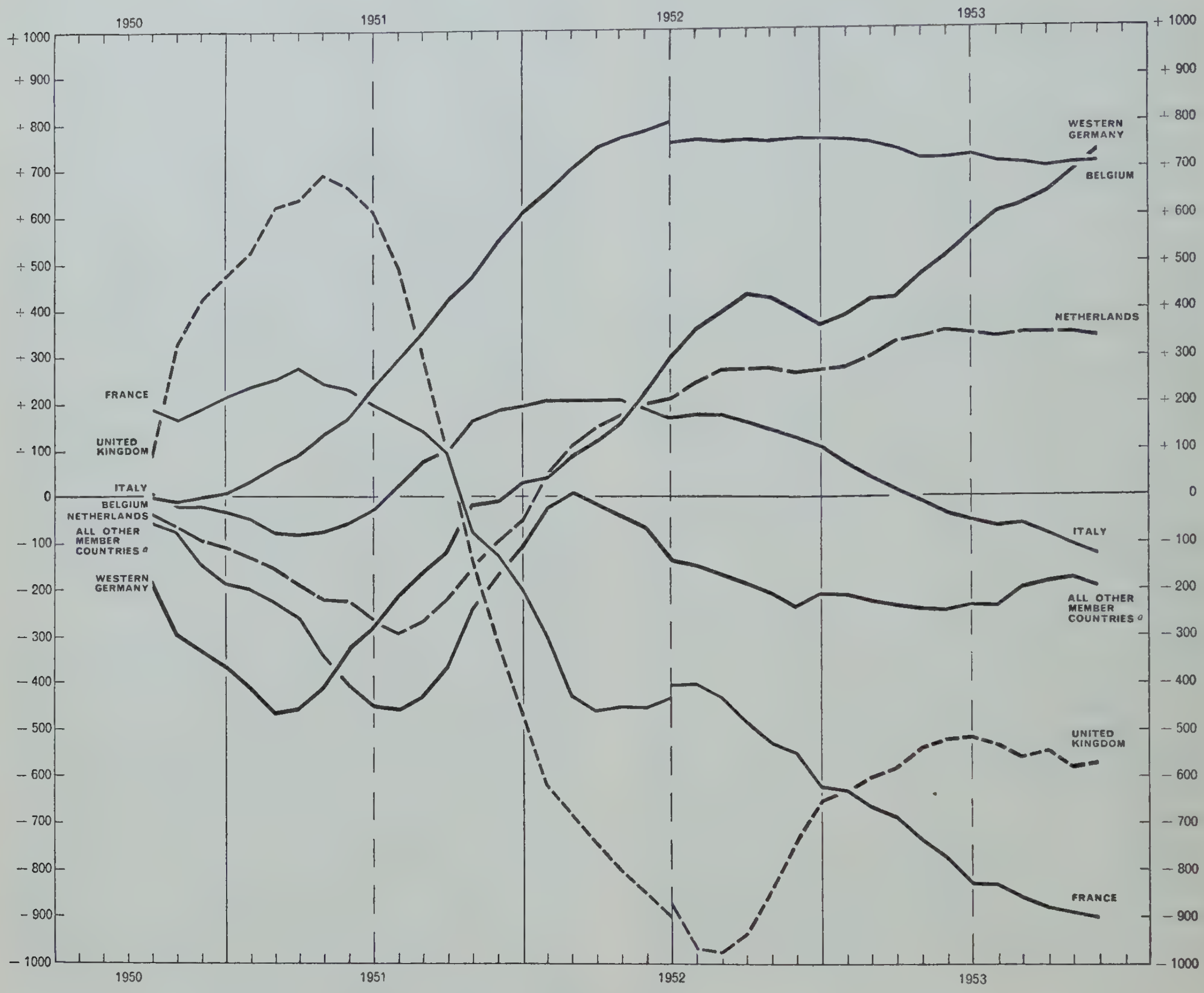
[7] The decline in Italy's external position also was, presumably, to some extent a reflection of the increase in development activity discussed later in this SURVEY.

[8] The consolidation and gradual repayment of outstanding debts and credits after a certain time has been under consideration. The further suggestion that the proportion of gold settlement for credit "rallonges" should be raised beyond the present 50 per cent might prevent the re-emergence of extreme positions, but at the expense of limiting intra-European trade,

Chart 2

CUMULATIVE NET SURPLUSES OR DEFICITS OF E.P.U. MEMBER COUNTRIES, JULY 1950 TO NOVEMBER 1953

Millions of units of account (equivalent to one U.S. dollar)



Source : O.E.E.C. Statistical Bulletins : General Statistics, November 1953, O.E.E.C., Paris.
a Austria, Denmark, Greece, Iceland, Norway, Portugal, Sweden, Switzerland and Turkey.

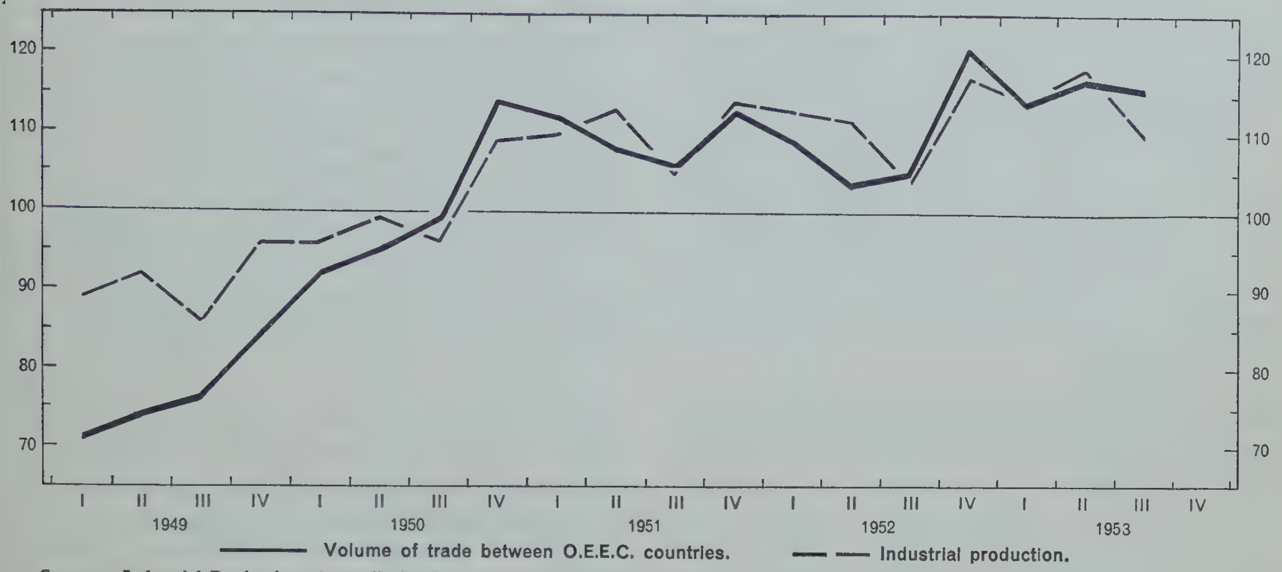
from Chart 3, the volume of trade amongst O.E.E.C. countries was some 9 per cent higher in the first nine months of 1953 than in the corresponding period of 1952, and, indeed, at no time fell below the peak reached after the outbreak of war in Korea. As it happens, however, it is equally true to say that the rise in the volume of intra-European trade is part of the explanation of the diminution of the strains in E.P.U. It may be inferred from Table 4 (although this is in value terms) that the increase was the resultant of a fall in imports into Finland, France, Sweden, the United Kingdom and Switzerland (the first four of whom were previously in heavy deficit) and a greater increase of imports by Belgium, western Germany, the Netherlands and Italy (the first three of which are surplus countries). In other words, the growth in the volume of intra-European trade reflects the fact that the surplus countries have, in most cases, behaved as " good creditors ".

The expansion of the Dutch, German, Italian and Belgian markets had as their counterpart increased exports from the United Kingdom, western Germany, France and Switzerland. French exports of solid fuels and iron and steel found growing outlets in

Chart 3

THE VOLUME OF INDUSTRIAL PRODUCTION IN O.E.E.C. COUNTRIES AND OF TRADE BETWEEN THEM

Index numbers—1950=100



Sources: Industrial Production, Appendix Table I; Trade, see Appendix B.

western Germany, while western Germany itself greatly increased its sales of coal, scrap, chemicals, machine-tools and machinery to Italy, and of coal, chemicals, iron and steel products, machinery and vehicles to the Netherlands. British sales increased most to the Netherlands, the main items being coal, iron and steel manufactures, fats and oils and chemicals.

The biggest single element of contraction was, of course, the fall in British imports, by which all European countries were affected. One-third of this decline was at the expense of Belgium, whose exports of iron and steel manufactures decreased in volume. The value of Belgian textile deliveries to the United Kingdom also fell sharply, but this was mainly because of a drop in prices. The share of the Netherlands in the total decline of British imports was almost 20 per cent, food exports suffering the main setback.

Table 4

CHANGES IN EXPORTS OF WESTERN EUROPEAN COUNTRIES TO EACH OTHER BETWEEN THE FIRST NINE MONTHS OF 1952 AND OF 1953

Millions of current dollars, f.o.b.

Exporting country / Importing country	Sweden, Norway, Finland	Belgium	Netherlands	Switzerland	Italy	France	United Kingdom	Western Germany	Total of 18 countries
Sweden, Norway, Finland	− 40	− 45	−16	+ 3	+ 4	−26	−26	−38	−187
Belgium	− 3		+ 8	0	+ 1	+17	− 3	+26	+ 47
Netherlands	+ 2	+ 8		+ 3	+ 1	+ 7	+51	+40	+120
Switzerland	− 9	− 16	−10		+ 8	−12[a]	− 7	− 9	− 56
Italy	− 8	+ 9	+ 1	− 6		+11	+34	+52	+137
France	− 45	− 3	+ 4	+ 8	−23		+13	+ 7	− 82
United Kingdom . . .	− 41	− 76	−42	+ 1	−11	−17		−41	−139
Western Germany . . .	− 26	+ 27	+ 2	+21	+21	+53	+28		+154
Other western Europe .	+ 2	− 46	+ 2	+27	+ 1	+46	−25	− 3	+ 41
Total of 19 countries[b] .	−168	−142	−51	+57	+ 2	+79	+65	+34	+ 35

Source: See Table XXIII.

[a] Excluding gold.

[b] Including Yugoslavia.

With the improvement in its position in E.P.U., the United Kingdom increased its liberalization percentage from 44 to 58 in March 1953 and to 75 per cent by the end of the year.[1] Finland continued to apply the strict import controls it had imposed to check the deterioration of its balance of payments. Imports into Sweden declined in spite of the high percentage of imports freed from restrictions because purchases were being slowed down in anticipation of a decline in activity. This is also true for Switzerland, where business continued to run down stocks of imported goods as prices were expected to fall further. Belgium and the Netherlands suffered most from these various reductions in imports, while the timber-exporting countries suffered losses in all markets from the fall in timber prices.[2]

It is of interest to consider how far changes in the volume and pattern of intra-European trade have been the product of Government action. There is naturally a considerable correlation between changes in liberalization and in imports for individual countries; Finland, France, the United Kingdom and Turkey, where imports fell, had all intensified restrictions ; western Germany, Belgium, Italy and the Netherlands, where imports increased, are all countries where the liberalization percentage has been raised to very high levels. The correlation is by no means perfect, however, even when attention is concentrated on individual countries. In spite of the reimposition of restrictions on a very high proportion of goods, the fall in France's imports was only small ;[3] in Sweden and Switzerland imports fell significantly, although the former greatly increased its liberalization in the latter part of 1952, and there are virtually no quantitative restrictions, except for agricultural products, on imports into the latter. These considerations suggest that explanations of the course of intra-European trade must also be sought in the development of demand and production. They suggest also that liberalization has different meanings in different countries. In Belgium and Switzerland, for example, discrimination is extremely light, so that freeing of imports from Europe has had different implications from those in other countries, and there is some reason to think that in most countries the degree of discrimination exercised in import policy has been declining considerably in the recent past.

A progressive reduction in the degree of discrimination may help to explain the at first sight somewhat surprising fact, illustrated in Chart 3, that, almost from the start of the liberalization programme, the volume of intra-European trade has followed rather closely the development of European production. The increase in the average degree of liberalization has not been accompanied, in fact, by any significant tendency for trade to expand more quickly than production. It has to be remembered, however, that changes in liberalization by individual countries have in considerable measure been offsetting—as with western Germany, France and the United Kingdom in 1951 and 1952. While, therefore, administrative acts have perhaps had a somewhat smaller influence than would be suggested by the natural preoccupations of Governments, it would be too much to conclude that the course of intra-European trade has been governed by the development of production alone.

The European Coal and Steel Community

The European Coal and Steel Community achieved operational existence with the coming into being of the common markets for coal, iron ore, scrap and steel in the early part of 1953.[4] As would be expected, primary interest in this natal year attaches to problems arising from current operations in the four sectors. There has been considerable study of the longer-term problems of investment policy, but so far there has been little to indicate the principles which the High Authority will follow in carrying out its responsibilities in the field of investment.[5]

---

[1] Liberalization percentages represent the share of commodities privately imported in 1948 which is free of quota restrictions. Given the tendency of Governments to free first those commodities of which imports were already high in 1948, the liberalization percentages tend to overstate the proportion of current trade which is free from restrictions. Since, however, there has been a continuous decline in the importance of State trading in the United Kingdom, the bias in the percentage is in this case probably in the opposite direction. The liberalization percentage for imports on private account for O.E.E.C. countries as a group rose from 65.9 per cent on 30 September 1952 to 70 per cent on 15 June 1953. Belgium, western Germany, Greece, Italy, the Netherlands, Sweden and Switzerland have freed from 87 to almost 100 per cent of their imports. In Denmark, Ireland and Norway, liberalization approaches the prescribed 75 per cent and this figure was reached by the United Kingdom at the end of 1953. In a third group of countries—Austria, France and Iceland—liberalization remains far below the target and Turkey has completely suspended it.

[2] Although timber prices are now much above the nadir of the summer of 1952, contracts for 1953 shipments were partly made at end-1952 prices, whereas deliveries made during 1952 were contracted at the high prices prevailing at the end of 1951.

[3] The effect of import restrictions appears to have been not so much to reduce the total of French imports from Europe as to distort their commodity composition, so giving special protection to certain branches of industry. It should be noted that the further cuts in the import programme were not made until April 1953 and that imports financed through the foreign exchange retention scheme remained outside the licensing programme.

[4] The common markets for coal, iron ore and scrap were established in February 1953 and that for steel in May 1953.

[5] A study has been made of the possible demand for coal and crude steel some four to five years ahead, which suggests requirements of 285 million tons and 50 million tons compared with production of 239 million tons and 42 million tons in 1952.

Table 5

PRODUCTION AND TRADE OF THE EUROPEAN COAL AND STEEL COMMUNITY

Millions of tons

	Coal		Coke		Iron ore		Scrap		Finished steel products [a]	
	1952	1953 [b]	1952	1953 [b]	1952	1953 [b]	1952	1953 [b]	1952	1953 [b]
Western Germany										
Production	110.8	110.7	35.8	37.4	12.9	10.8	8.7	8.0	11.7	10.9
Total imports	11.8	9.3	0.4	0.2	9.6	10.5	—	0.2	0.7	1.1
of which : from member countries	4.0	4.2	0.3	0.2	0.8	0.7	—	0.1	0.6	0.9
Total exports	12.2	13.2	10.6	9.5	0.1	0.2	0.4	0.2	1.1	1.0
of which : to member countries	9.1	10.0	6.6	6.3	—	0.1	0.1	0.2	0.2	0.2
Apparent consumption	110.4	106.1	25.6	25.4	22.4	21.1	8.3	8.0	11.3	11.0
France and Saar										
Production	63.2	58.8	13.0	12.0	40.7	41.9	5.9	5.4	10.6	9.3
Total imports	10.2	7.0	4.3	3.9	0.4	1.1	—	—	—	0.1
of which : from member countries	4.8	5.3	4.3	3.9	—	0.8	—	—	—	—
Total exports	5.6	6.9	0.2	0.2	9.2	9.6	0.1	0.3	2.0	2.6
of which : to member countries	4.5	5.1	0.1	0.2	8.7	9.2	0.1	0.2	0.3	0.7
Apparent consumption	64.7	56.6	17.1	15.3	31.9	33.4	5.8	5.1	8.6	6.8
Belgium-Luxembourg										
Production	27.1	26.6	6.2	5.8	7.4	7.8	2.7	1.8	6.4	6.0
Total imports	1.9	2.0	3.2	3.1	11.0	11.7	0.2	0.2	0.1	0.1
of which : from member countries	0.7	1.1	3.2	3.1	8.2	8.8	0.1	0.2	0.1	0.1
Total exports	2.5	4.0	0.8	0.7	0.4	1.0	0.1	0.2	4.0	3.7
of which : to member countries	2.3	3.4	0.4	0.3	0.4	1.0	—	0.1	1.1	1.1
Apparent consumption	25.1	23.0	8.6	8.1	18.0	18.5	2.8	1.8	2.5	2.4
Netherlands										
Production	11.3	11.1	3.0	2.9	—	—	0.7	0.8	0.5	0.9
Total imports	5.1	4.7	0.2	0.3	1.2	1.4	—	—	0.9	1.0
of which : from member countries	2.4	3.1	0.2	0.3	0.1	0.2	—	—	0.7	0.8
Total exports	—	0.2	1.4	1.2	—	—	0.1	0.2	0.1	0.2
of which : to member countries	—	0.1	0.8	0.7	—	—	0.1	0.1	—	0.1
Apparent consumption	16.3	15.6	1.8	2.0	1.2	1.4	0.6	0.6	1.3	1.7
Italy										
Production	1.1	1.1	2.3	2.2	0.8	1.0	2.3	1.9	2.8	2.6
Total imports	8.8	8.7	—	—	0.7	0.6	0.6	0.8	0.3	0.4
of which : from member countries	3.7	4.7	—	—	—	—	0.2	0.3	0.2	0.2
Total exports	—	—	0.1	0.1	—	—	—	—	—	—
of which : to member countries	—	—	0.1	—	—	—	—	—	—	—
Apparent consumption	9.9	9.8	2.2	2.1	1.5	1.6	2.9	2.7	3.1	3.0
Total										
Production	213.5	208.3	60.3	60.3	61.8	61.5	20.3	17.9	32.0	29.7
Total imports	37.8	31.7	8.1	7.5	22.9	25.3	0.8	1.2	2.0	2.7
of which : from member countries [c]	15.6	18.4	8.0	7.5	9.1	10.5	0.3	0.6	1.6	2.0
from non-member countries	22.2	13.3	0.1	—	13.8	14.8	0.5	0.6	0.4	0.7
Total exports	20.3	24.3	13.1	11.7	9.7	10.8	0.7	0.9	7.2	7.5
of which : to non-member countries	4.4	5.7	5.1	4.2	0.6	0.5	0.4	0.3	5.6	5.4
Apparent consumption	226.4	211.1	55.3	52.9	75.0	76.0	20.4	18.2	26.8	24.9

Sources and methods : See Appendix B.

NOTE. — Production of coal is net of consumption at mines and issues to miners; production of coke is net of cokeries' own consumption. For coal and coke, apparent consumption is net of variations in pithead stocks and importers' stocks; for other products, apparent consumption is production plus net imports. For further details, see Appendix B.

[a] Includes only those products under the purview of the Coal and Steel Community, listed in Annex I of the Community Treaty.

[b] First nine months at an annual rate.

[c] The figures for intra-community imports and exports are not always identical, owing to different methods of reporting.

The abolition of discrimination, which is the essential meaning of a common market, seems to have been more complete or to have had greater effects in coal than in other fields. In spite of the general weakening in the demand for coal already referred to, international trade in coal within the Community increased considerably ; while total imports fell by 16 per cent, intra-Community trade was some 11 per cent higher in the first nine months of 1953 than in the corresponding period of the previous year. In steel, on the other hand, there was no significant shift in the pattern of trade.

Part of the explanation of these differing developments lies no doubt in the fact that trade in coal has, traditionally, been more important than trade in steel. Any natural tendency towards conservatism amongst steel consumers must have been reinforced by the complex and laborious nature of the task of choosing the cheapest supplier,[1] a task made all the more difficult since nomenclatures have not yet been standardized and price-lists are in many cases available in only one or a few languages. Moreover, the price lists for steel originally published—and there have as yet been few modifications—showed a considerable degree of uniformity, suggesting prior consultation between firms. Finally, it appears that the single provision for discrimination in intra-Community competition has been used more by powerful steel consumers to secure lower prices from their traditional suppliers than by steel producers to win business from their competitors.[2]

In short, competition in steel seems so far to have been rather traditionally monopolistic. How far the lack of change in published price-lists [3] reflects explicit agreement amongst producers is not clear. In the field of exports to third countries, however, an open agreement was made by the producers in the spring of 1953, to prevent competitive price-cutting in face of the weakening market situation, and a minimum price for exports was fixed. The High Authority has not yet been able to take effective action against this cartel. Indeed, in the beginning of 1954, the cartel felt itself strong enough to raise the minimum price and rules for enforcing this price were agreed on.

Benelux

There was little acceleration in the rather slow progress in establishing a common market between Belgium, Luxembourg and the Netherlands discussed in the last SURVEY in this series.[4] The publication since then of an exchange of notes between the Governments which took place early in 1952 underlines even more sharply the contrast between ideal and achievement. The three Governments recognize in principle that the logical corollary of complete freedom of movement for goods and factors is tight co-ordination of internal financial, monetary and economic policies and the pursuit of joint external economic policies. These implications were set out clearly in the note from the Netherlands Government, which further suggested the need for free transferability between the two countries of foreign exchange of any kind and the creation of a Ministerial Council to bring the economic policies of the three countries under supranational authority.[5]

During the past year there was, in fact, a greater similarity between the general economic and financial policies of the three Governments than, perhaps, at any time since the war. Nevertheless progress was slight. The great obstacle has continued to be the substantial disparity between the general levels of wages and prices in Belgium and the Netherlands. Precise comparison is difficult, but such studies as have been made suggest that Dutch labour costs in industry may be on the average as much as one-fifth to one-quarter below those of Belgium,[6] and the disparities are considerably greater in individual industries. Moreover, differences in indirect tax policy tend to accentuate such cost differences. The result has been a strong tendency for Dutch-manufactured products to flood into the Belgian market.[7]

The problem of assimilating such differences in price levels would be difficult under any conditions. In the particular circumstances of Belgium and the Netherlands, the difficulties are all the greater since both countries have employment problems.[8] In the

---

[1] Under the rules of the Community, producers must publish a list of their basic prices, together with the extras, rebates, delivery terms and other sales conditions which apply to the products included in their price lists. The choice of basing-point on which quotations are made is subject to the approval of the High Authority.

[2] Under Article 60 of the Treaty, a producer may offer a lower delivered price than implied by his published price-list in order to meet an offer from a competitor quoting on a different basing-point. Similar exemption from the non-discrimination rule is given to meet competition from outside the Community.

[3] Such change as has taken place has been, as in Germany, the product of Government intervention or, as in France, the result of agreement amongst all producers to reduce the price of a particular product.

[4] See *Economic Survey of Europe since the War*, pages 225 and 226.

[5] See Dr. J. R. M. van den Brink, " Benelux ", *Quarterly Review of Amsterdamsche Bank, Incasso-Bank*, Amsterdam, No. 100. The notes were published in full in the yearbook for 1951/52 of the Netherlands Ministry of Foreign Affairs.

[6] See Dr. van den Brink, *op. cit.*

[7] Agricultural products would do so also but for the restrictions imposed by the Agricultural Protocol.

[8] A special committee on price and wage policy, set up by the Knokke Conference of October 1952, reported during 1953 profound disagreement on all important aspects of the problem.

Netherlands, the problem presents itself as one of relatively low capital per head and of continuing heavy investment requirements, if capital intensity is not to be further reduced by the rapid growth of population. The response has been the development of a trade-union psychology which is perhaps unique in Europe ; the unions have accepted the need for low export prices and refrain, therefore, from pressing for higher wages. In Belgium, on the other hand, continued unemployment is the combined result of relatively low demand and the geographical concentration of depressed industries. Hence, the prospects of either massive imports from the Netherlands or an adjustment of wage levels are equally distasteful, while prices are apparently sufficiently competitive with those of other countries to make undesirable any exchange rate adjustment.

In view of the difficulty of any more fundamental adjustment, it is scarcely surprising that, in 1953, attention was directed primarily to what, in effect, amounts to rebuilding a system of trade controls explicitly directed towards sheltering industries from " undue hardship ". An agreement signed at The Hague in July 1953 laid down detailed criteria for determining when competition from imports becomes excessive, at which stage quota restrictions are applied.[1] Although this agreement was explicitly temporary, it shows every sign of indefinite viability.

Outside this field, the most important development has been acceptance of the principle that trade and payments negotiations should be conducted jointly. The implementation of the principle, however, must be preceded by its ratification by the three Parliaments.

* * *

In addition to the developments discussed above, efforts have continued to achieve closer economic association in other ways, including extension of the sector approach to other fields. The discussions regarding a " green pool " for agriculture still failed to produce agreed solutions for the extraordinary difficulties in this area which were discussed in the last SURVEY, though a ministerial conference was scheduled for early 1954 to consider problems and proposals. In transport, the other sector which has figured prominently in discussions of integration, a council of transport ministers was created whose functions, however, are mainly consultative and do not imply any transfer of national sovereignty.

---

[1] Protection may be applied, for example, if an industry's output in a half-year falls 15 per cent below that of the corresponding periods of the previous two years, if imports from the partner country have risen by three-quarters of this amount. Other and more complex criteria were also laid down. A wide range of Belgian industry has been given protection under these provisions.

4. ECONOMIC RELATIONS BETWEEN WESTERN EUROPE AND THE REST OF THE WORLD

Trade and Payments with the Dollar Area

A new pattern in international dollar transactions, which began to evolve after the dollar crisis of 1951/52, took firmer shape during 1953. Its characteristic feature was that the United States, for the first time since the war, began to experience a growing deficit on goods and services account with the outside world. The shift was not only large—from a surplus of \$2,262 million in 1952 to a deficit of \$44 million in the first three quarters of 1953 [2]—but the indications are that there may be a further development in the same direction.

The change is, in part, more apparent than real. It results from a combination of a change in the nature of extraordinary dollar payments by the United States Government with more substantive changes in the underlying configuration of the United States external position. The first change lies in the progressive replacement of economic aid by United States military expenditure abroad. While this replacement has wider implications, both types of expenditure share an important common feature in being more directly dependent on the action of the United States Government than most items in the external account. The more substantive change is in United States exports and imports on ordinary commercial account, particularly in the former.

As will be seen below, one element in United States military expenditure abroad—offshore procurement [3] —is likely to become the most important new source of dollar receipts for Europe. But, even before the offshore procurement programme was fully under way, Europe was enjoying during 1953 a much more

---

[2] In this calculation, as generally elsewhere in this chapter, United States exports of military end-use items under the military aid programme are excluded. This type of military aid amounted to \$2.6 billion in 1952 and \$3.5 billion in the first three quarters of 1953, and its inclusion would change the deficit shown into a considerable surplus.

[3] This consists of United States purchases from European industry of military equipment, which is then given to European countries.

Table 6

GOLD AND SHORT-TERM DOLLAR ASSETS OF EUROPEAN COUNTRIES

Millions of current dollars, end of period

	1949 September	1951 June	1952		1953 September	Change from September 1949 to September 1953
			March	December		
United Kingdom[a]	1 425	3 867	1 700	1 846	2 486	+1 061
Western Germany	148	357	390	691	1 053	+ 905
Netherlands[b]	328	446	490	747	954	+ 626
France[b]	690	793	824	916	952	+ 262
Portugal	232	283	319	370	434	+ 202
Sweden	132	228	276	275	309	+ 177
Italy[b]	542	532	638	655	711	+ 169
Switzerland	1 999	1 960	1 977	2 065	2 121	+ 122
Austria	92	94	104	143	213	+ 121
Greece	30	44	50	57	88	+ 58
Norway	112	111	154	160	169	+ 57
Denmark[b]	64	76	70	102	113	+ 49
Finland	23	43	53	55	57	+ 34
Belgium	842	710	756	830	867	+ 25
Spain	121	129	129	130	134	+ 13
Turkey	174	162	161	151	157	— 17
Yugoslavia	8	7	7	12	7	— 1
Adjustments[c]	28	220	66	50	65	+ 37
Total of 17 countries	6 990	10 062	8 164	9 255	10 890	+3 900
Total, excluding the United Kingdom	5 565	6 195	6 464	7 409	8 404	+2 839

Sources : *International Financial Statistics*, International Monetary Fund, Washington, D.C. *The Mutual Security Program for Fiscal Year 1954*, U.S. Government Printing Office, Washington, D.C.

NOTE. — Figures include, in general, gold reserves and short-term dollar balances in the United States (the latter as reported by American banks). They do not therefore necessarily indicate the development of total gold and dollar reserves of central banks.

[a] Officially reported reserves of gold and United States and Canadian dollars.

[b] Unpublished gold holdings are excluded ; allowance for them is made in " adjustments ".

[c] Adjustments (partly estimated) for unpublished gold holdings of Netherlands, France, Italy and Denmark.

comfortable dollar position as a result partly of other United States military disbursements and still-continuing economic aid, and partly of a considerable fall in imports from the dollar area. In fact, European countries taken together have accumulated gold and dollar assets from transactions with the United States without a break since the second quarter of 1952. In spite of the brief but sharp dollar crisis starting in the latter half of 1951, Europe's convertible assets in the United States have increased by some $4 billion since the devaluations of 1949. Although the distribution of this increase has not been very uniform (as shown in Table 6, two-thirds of it has gone to the United Kingdom, western Germany, and the Netherlands), only two countries listed in the table had lower reserves in September 1953 than four years earlier.

The liquidation or accumulation of convertible reserves in the United States is the most obvious measure of changes in Europe's dollar position, but, being only the margin between dollar receipts and dollar payments, it may tend to show changes in the dollar position in too sharp relief. In Table 7, some of the gross variables are shown. The steady decline of United States economic grants to Europe (from an annual rate of $3.2 billion in the first half of 1950 to $0.9 billion in the third quarter of 1953) has practically offset the doubling of European receipts from sales of goods and services[1] to the

---

[1] Offshore purchases by the United States (further discussed below) are included in Table 7 under " exports of merchandise ". Although the actual amounts are not known, it is certain that they have influenced the rise of these exports since the second half of 1952 : the spread between the balance-of-payments entry for imports and the customs returns has been widening during 1953.

Table 7

KEY ITEMS IN THE BALANCE OF PAYMENTS OF EUROPE WITH THE UNITED STATES

Billions of current dollars; annual rates

Item	1950		1951		1952		1953	
	First half	Second half	First half	Second half	First half	Second half	First half	Third quarter
Principal dollar receipts :								
Exports of merchandise	+1.2	+1.8	+2.4	+2.1	+2.3	+2.4	+2.7	+2.8
Exports of services, total	+1.4	+1.4	+1.4	+1.6	+1.8	+2.0	+2.0	+2.4
of which : U.S. Govt. expenditure	+0.3	+0.3	+0.3	+0.4	+0.5	+0.7	+0.7	+0.8
Total receipts from goods and services	+2.6	+3.2	+3.8	+3.7	+4.1	+4.4	+4.7	+5.2
U.S. Government grants	+3.2	+2.3	+2.5	+1.9	+1.5	+1.4	+1.4	+0.9
Total[a]	+6.1	+5.8	+6.4	+5.9	+5.8	+6.0	+6.4	+6.3
Principal dollar payments :								
Imports of merchandise[b]	−3.3	−2.9	−4.0	−4.4	−3.9	−2.8	−2.8	−2.5
Imports of services, total[b]	−1.0	−1.0	−1.4	−1.7	−1.5	−1.5	−1.4	−1.5
of which : Transportation	−0.4	−0.4	−0.7	−0.8	−0.7	−0.5	−0.6	−0.6
Investment income payments	−0.2	−0.2	−0.2	−0.4	−0.2	−0.5	−0.3	−0.4
Total payments on goods and services[b]	−4.3	−3.9	−5.4	−6.1	−5.4	−4.3	−4.2	−4.0
Other items :								
U.S. capital (public and private), net	+0.2	+0.6	+0.1	−0.3	+0.3	—	−0.4	—
Errors, omissions and interregional transfers of dollars	−0.4	−0.4	+0.2	−1.0	−1.3	−0.2	+0.2	+0.1
Accumulation (−) or liquidation (+) of gold and dollar assets	−1.6	−2.1	−1.3	+1.5	+0.6	−1.5	−2.0	−2.4

Sources : Rearranged from *The Balance of Payments of the United States, 1949-1951*, and *Survey of Current Business*, June and October 1953, United States Department of Commerce, Washington, D.C., and from data communicated directly by the Department of Commerce.

[a] Including also private donations, not shown separately in this table.

[b] Military aid, as shown in the original sources, has been deducted from Europe's commodity imports from the United States. To the extent that some military aid has been given in the form of services, figures in the table understate non-military commodity imports and overstate payments for non-military imports of services; these errors cancel out in the line " total payments on goods and services ".

United States during the same period. Thus Europe has had a relatively stable total supply of dollars.[1] The important fluctuations in its dollar position have been the result of changes in its payments. From a low point of $3.9 billion immediately after the outbreak of the Korean war, payments to the United States for goods and services rose to a peak of $6.1 billion in the latter half of 1951 at an annual rate in each case.[2] The decline since then has been concentrated on the merchandise account, and European commodity imports from the United States during 1953 were considerably lower than even at the nadir already referred to.

European Imports from the Dollar Area[3]

European imports from the dollar area as a whole amounted, at an annual rate, to some $7.7 billion at their peak during the 1951/52 dollar crisis, in the first quarter of 1952. In the first three quarters of 1953 they were running at a rate of about $5 billion. The fall in volume was somewhat less marked, since

---

[1] The purchasing power of these receipts has, of course, declined because of the increase in United States export prices. The increase in the average unit value of all exports was some 15 per cent between the first half of 1950 and the third quarter of 1953. Since Europe imports largely raw materials and semi-finished products from the United States, the actual fall in purchasing power was perhaps not so large.

[2] At the same time, dollar payments to " third countries " rose rapidly, further burdening European reserves. " Third countries " in this classification include the non-metropolitan sterling and franc areas. It is unfortunately impossible to separate such payments from the residual errors and omissions entry in the table.

[3] The term " dollar area ", as used in this study, includes the United States, Canada, Central American and Caribbean republics, Bolivia, Colombia, Ecuador, Venezuela and the Philippines. The definition corresponds roughly to the British exchange control definition of " American and Canadian account countries ".

Table 8

IMPORTS OF SELECTED COMMODITIES BY SEVEN[a] EUROPEAN COUNTRIES, BY AREAS OF ORIGIN

Millions of dollars at typical first half of 1953 prices

Commodity	Period[b]	Dollar area	Non-dollar Latin America	Overseas sterling area	Dependent overseas territories	Other overseas countries	Total overseas countries	Eastern Europe	Western Europe	Total imports[c]
Wheat	1951/52	724	33	88	6	. .	851	60	24	944
	1952/53	645	6	58	28	7	744	35	53	832
Maize	1951/52	124	68	12	10	14	228	28	41	297
	1952/53	128	48	11	4	3	194	7	7	208
Sugar	1951/52	262	6	104	25	5	402	28	49	486
	1952/53	164	8	149	41	14	376	15	23	414
Tobacco	1951/52	248	10	67	11	14	350	1	48	399
	1952/53	154	10	72	11	20	267	. .	53	340
Rubber	1951/52	26	. .	339	31	54	450	. .	3	456
	1952/53	24	. .	309	32	38	403	. .	3	406
Timber	1951/52	194	15	46	32	13	300	51	452	807
	1952/53	138	12	44	27	10	231	65	483	779
Wood-pulp	1951/52	134	. .	1	. .	. .	135	3	328	468
	1952/53	67	. .	. .	. .	. .	67	2	275	344
Wool	1951/52	2	21	854	2	1	880	. .	59	945
	1952/53	. .	211	1 003	3	. .	1 217	. .	94	1 317
Cotton	1951/52	633	103	92	56	175	1 059	2	57	1 130
	1952/53	417	78	144	62	217	918	. .	83	1 001
Crude petroleum . . .	1951/52	92	5	901	29	468	1 495	1	1	1 498
	1952/53	84	4	1 242	25	337	1 692	4	1	1 697
Refined petroleum . .	1951/52	285	. .	49	164	28	526	7	162	697
	1952/53	223	. .	54	149	11	437	10	176	623
Fats and oils	1951/52	81	118	156	81	43	479	3	140	625
	1952/53	49	23	193	104	54	423	2	122	556
Oil-seeds	1951/52	75	22	189	125	143	554	1	27	583
	1952/53	56	8	227	117	96	504	3	17	524
Copper	1951/52	145	58	207	123	9	542	4	116	662
	1952/53	109	34	222	134	1	500	. .	157	657
Total of commodities listed	1951/52	3 025	459	3 105	695	967	8 251	189	1 507	9 997
	1952/53	2 258	442	3 728	737	808	7 973	143	1 547	9 698

Sources and methods : See Appendix B.

[a] Belgium-Luxembourg, France, western Germany, Italy, the Netherlands, Sweden and the United Kingdom.

[b] Twelve months from July to June.

[c] Including small amounts not allocated by origin.

the prices of raw materials also fell, but, even so, was of the order of 25 per cent.

The rapidity with which dollar imports were reduced and the apparent absence of consequential shortages of dollar goods may suggest that there has been a genuine and substantial fall in Europe's dependence on dollar supplies. The available evidence indicates, however, that the explanation is to be found more in the abnormally low demand for imports in general and the running-down of stocks than in a major growth of alternative sources of supply either in Europe or elsewhere in the non-dollar world.

Table 8 summarizes the development of imports into seven major western European countries of a number of key commodities which account for over 50 per cent of the total dollar imports of the countries concerned.[1] It may be seen that total imports of nearly all the commodities listed fell between the two periods shown and dollar imports also. In only three instances, however—cotton, tobacco and sugar—does there appear to have been a significant substitution of non-dollar for dollar supplies in the sense that non-dollar imports increased.[1] In the case of cotton, the major influence was western Germany which, for reasons of commercial policy, has developed its cotton imports from Egypt and also Pakistan. In tobacco, most of the shift was accounted for by the United Kingdom, which imported extraordinarily large quantities of American tobacco in the 1951/52 season; its imports from the overseas sterling area (primarily India and Southern Rhodesia) have increased relatively little. The shift in sources of European sugar imports has taken place mainly towards the overseas sterling area and the French overseas territories, which have been furnishing considerably larger quantities to the United Kingdom and France, respectively ; in those very countries, the fall in dollar imports was smallest.[2]

---

[1] For more detailed figures, see Appendix Tables XXV to XXXVIII.

In most of the other commodities shown in Table 8, imports from non-dollar sources declined, although generally proportionately less than those from the dollar area. [3] In a number of these cases, the heavier fall in dollar imports reflects primarily their marginal size. This is the case in fats, oil and oilseeds. In wood-pulp also several European countries were obtaining marginal supplies from Canada and the United States during the 1951/52 boom ; after the boom collapsed and the liquidation of high-priced stocks began, imports from the dollar area fell by one-half, while there was a reduction of only 17 per cent in supplies from other (mainly northern European) sources. More generally, while a revival of demand could presumably be met from non-dollar sources up to at least the quantities which they earlier supplied, the marginal size of dollar imports in some cases reflects purchases of special types which only that area can supply.

The explanation of the fall in import demand in general is to be found in some cases in higher domestic production of the commodities concerned. Such cases apart, however, the fact that neither industrial production nor consumption has shown any fall comparable to that of imports implies that there have been considerable changes in inventories.

It is clear that the great rise in dollar imports after the outbreak of war in Korea was in part the product of stocking of raw materials and that the fall reflects the contrary movement. While stock statistics in European countries are still very deficient, there are some significant indicators. Retained imports of cotton in the United Kingdom in 1951/52 exceeded home consumption by some 23,000 tons ; in 1952/53, the imports were over 61,000 tons smaller than current consumption.[4] Measured at current average values, the implied change in stocks is worth over $70 million. Similarly, stocks of raw tobacco increased in the United Kingdom by 36,000 tons in 1951/52, and fell by 23,000 tons in the 1952/53 season ; the dollar value of this shift is about $90 million.[5]

Of the three causes of the fall in dollar imports which have been listed—increased production in the non-dollar world, lower consumption and changes in inventories—only the first can be regarded as a structural shift in the dollar position. The shift has clearly been important. In the seven countries included in Table 8, for instance, the domestic production of wheat rose by nearly 3 million tons between the two agricultural years shown, while imports fell by 1.1 million tons. In the present state of statistical knowledge it is not possible to estimate the size of the total shift which has occurred for all commodities. In the light of the above analysis, however, it may be suggested with some confidence that, in the absence of further increases in non-dollar production, the present level of dollar imports cannot be taken as a true measure of Europe's normal needs.

The Importance of Extraordinary Dollar Receipts

Extraordinary dollar receipts, increasingly in the form of United States military expenditures, are, however, likely to continue to grow for a time and may thus take the shock of all or part of such increase in Europe's dollar expenditure as may occur during this period.

Analysis of these extraordinary dollar receipts is seriously handicapped by the fact that, for the most part, they belong to the twilight zone of quasi-strategic information : at best, only general orders of magnitude are known, analysis by countries is often lacking and projections into the future are imprecise and sometimes contradictory. The importance of military expenditure, however, becomes abundantly clear from the following estimates submitted to the O.E.E.C. by the United States Government.

---

[1] There were minor increases in timber and copper also. Imports of crude petroleum from non-dollar sources rose considerably, but the geographical concept of the dollar area has very little meaning in this commodity.

[2] In the case of the United Kingdom, this reflects preparations for the abolition of sugar rationing.

[3] An important exception is grain, where non-dollar imports fell proportionately even more than dollar imports, largely because of reduced imports from non-dollar Latin America, the overseas sterling area and eastern Europe. Italy and western Germany imported less from non-dollar Latin America and the overseas sterling area; Italy had the largest wheat crop since the war in 1952/53, and western Germany was able to purchase cheap Canadian wheat with sterling through the short-lived arrangements made by the United Kingdom for the resale of dollar commodities for sterling. The fall in grain imports from eastern Europe was entirely accounted for by the cessation of purchases by the United Kingdom after the first half of 1952.

[4] The fall in total cotton imports is almost entirely accounted for by the United Kingdom. Imports of other countries have remained stable, and stocks have apparently increased considerably, for instance, in Belgium, France and western Germany.

[5] Imports in the third quarter of 1953, however, allowed some rebuilding of stocks.

Net Military Expenditure abroad by the United States [a]

(Millions of current dollars)

1952 :	First half	763	1,806
	Second half	1,043	
1953			2,603
1954			4,216

[a] The figures cover " net military expenditures " of all kinds in all foreign countries, but exclude end-item deliveries and other payments under the Mutual Defence Assistance Program. See *Economic Conditions in the United States*, O.E.E.C., Paris, 1953, page 18.

These figures exclude two types of extraordinary dollar transaction : economic aid and purchases for the United States strategic stockpile. The former is rapidly declining ; European receipts during 1953 may be estimated at some $1.1 billion, against $1.4 billion in 1952, and will fall further during 1954. Purchases for the stockpile from overseas in 1952 have been estimated at some $800 million, but most of this expenditure must have taken place outside Europe and is of interest in this discussion only to the extent that it has supported the commodity prices and dollar earnings of Europe's affiliated overseas areas and other markets.[1]

Military expenditures proper in Europe include not only such items as the expenditures of the United States on troop pay, subsistence, military installations and various commodity purchases but also offshore procurement payments. The first class of expenditure seems to have amounted in 1952 and 1953 to about $600 to $700 million per annum, and it is likely to remain rather stable in the near future. The United Kingdom, France, Germany and Italy are the largest recipients of these dollar earnings.[2]

Most of the rapid growth in the " net military expenditure " figures cited above must thus represent the growth of the offshore procurement programme. Up to August 1953, contracts amounting to $2.3 billion had been placed in Europe, $1.1 billion of them in France, rather less than $500 million in the United Kingdom and under $400 million in Italy, the remainder being distributed in small amounts amongst most other members of the O.E.E.C. While manufacture may take as long as two years, payments seem already to have assumed significant proportions in 1953 [3], possibly of the order of $400 to $600 million.[4] No firm estimate of the probable level of offshore payments during 1954 is available. It seems likely that they will approach $2 billion if present delivery schedules are met and the placing of new contracts continues according to plan.

With increases of this order in prospect, it seems almost certain that, in the absence of a considerable fall in the export earnings of Europe or its affiliated areas or a considerably bigger rise in imports than is perhaps likely, the ease which characterized Europe's dollar position during 1953 will persist and that a number of countries may continue to accumulate reserves. These developments do not mean, however,

Table 9

TRADE BALANCE OF SELECTED EUROPEAN COUNTRIES WITH THE DOLLAR AREA

Millions of current dollars (imports c.i.f., exports f.o.b.)

Country	January–September 1951	1952	1953	Change 1952 to 1953
United Kingdom . . .	−851	−962	−541	+421
France	−219	−373	−148	+225
Netherlands	−199	−180	− 80	+100
Belgium-Luxembourg .	−155	−204	− 32	+172
Switzerland	− 82	− 57	+ 35	+ 92
Western Germany . .	−291	−360	−124	+236
Italy	−290	−358	−158	+200
Denmark	− 57	− 47	+ 4	+ 51
Sweden	− 58	− 83	− 27	+ 56
Norway	− 57	− 64	− 45	+ 19
Finland	+ 19	− 32	+ 7	+ 39
Austria	− 95	− 85	− 30	+ 55
Other	−145	−155	− 96	+ 59
Total of 18 countries	−2 480	−2 960	−1 235	+1 725
Total, imports f.o.b.[a]	−1 883	−2 329	− 760	+1 569

Source : See Table XXIII.

[a] Imports have been adjusted to an estimated f.o.b. basis by a deduction of 12.5 per cent.

---

[1] Stockpile expenditures also are expected to decline gradually, although the proportion of them going abroad may diminish more rapidly as a result of depressed conditions and demands for aid in certain United States primary industries.

[2] It is reported that the expenditure of United States and Canadian forces in the United Kingdom was running at an annual rate of some $170 million during the first half of 1953, while similar estimates for France are $243 million and for western Germany $200 million (both for 1952 ; the French figure includes United States Government civilian expenditure).

[3] Payments during 1952 amounted to only $80 million.

[4] Certain flexibility in the foreign exchange aspect of this defence programme has been gained by advance payments, made purely on considerations of dollar shortage. Thus France was able to borrow $254 million from the Export-Import Bank against contracts placed ; nearly one-half of this has already been repaid. As already noted, these advances were of primary importance in helping France to meet its deficits in the E.P.U.

that the dollar problem is solved and that Europe is now able to pay its way on dollar account by normal commercial exports of goods and services. As Table 9 shows, European countries still have sizeable deficits in their merchandise trade with the dollar area. Dollars earned from offshore purchases have the considerable advantage over those formerly received as economic aid that they may be used at will for buying imports or adding to reserves. Clearly, however, they cannot be counted on for the indefinite future any more than could economic aid, and they are less determined by economic considerations. Moreover, although they serve the additional purpose of employing productive capacity which in present circumstances might otherwise be wasted,[1] this is at the expense of concentrating an even greater proportion of Europe's industrial capacity on the highly specialized task of arms production. An annual volume of orders of say, $2 million, is equivalent to roughly one-fifth of the combined exports of manufactured goods by O.E.E.C. countries to other areas. The reconversion problem when armament production begins to decline will therefore be all the greater.

Europe's Exports to the Dollar Area

Europe's exports to the dollar area increased substantially during 1953, in sharp contrast to the contraction in sales in most other overseas markets. This increase was more than a recovery of the ground lost in 1952 ; exports in 1953 rose to record heights. In view of the fall in prices, the growth in the volume of exports in 1953 was even more considerable than is suggested by the table below. It will be seen that the expansion was common to all the three markets shown.

Europe's Commodity Exports to the Dollar Area [a]

(Millions of current dollars)

January–September	*United States*	*Canada*	*Other dollar countries*	*Total*
1951 . . .	1 426	413	453	2 292
1952 . . .	1 306	348	433	2 087
1953 . . .	1 600	454	509	2 563

[a] Eighteen European countries listed in Table XIII.

A wide range of commodities contributed to the rise in exports (Table 10).[2] The particularly large increase in textile exports reflects the low level to which these had fallen in 1952. But special features of this kind played a smaller role in the growth of transportation equipment and machinery exports, by roughly one-half and one-third, respectively. The rise in automobile exports was to the United States and Canada ; [3] the United Kingdom, the only significant

---

[1] E.R.P. aid served the opposite purpose of helping to diminish the pressure on resources by permitting European countries to incur deficits at a time when the internal problem was one of inflation.

[2] The table is based on more detailed tabulations by 20 commodity groups, given in Appendix Table XXXIX.

[3] Canadian imports of motor-cars had been abnormally low, however, in 1952.

Table 10

EXPORTS OF SEVEN EUROPEAN COUNTRIES TO THE DOLLAR AREA IN THE FIRST HALF OF 1953

Millions of dollars at 1950 prices and index numbers—first half 1952 = 100

Commodity group [a]	UNITED KINGDOM		WESTERN GERMANY		FRANCE		ITALY		BELGIUM-LUXEMBOURG, NETHERLANDS, SWEDEN		TOTAL OF SEVEN COUNTRIES LISTED	
	Millions of dollars	Index	Millions of dollars	Index	Millions of dollars	Index	Millions of dollars	Index	Millions of dollars	Index	Millions of dollars	Index
Food, drink and tobacco (1) .	41.8	*109*	6.2	*163*	21.4	*143*	12.1	*105*	29.3	*121*	110.8	*119*
Ores and metals (3)	36.3	*113*	19.9	*100*	29.2	*199*	7.2	*104*	90.0	*142*	182.6	*133*
Other raw materials (2, 4–7) .	35.9	*144*	9.6	*137*	11.4	*124*	7.5	*75*	39.9	*157*	104.3	*136*
Metal manufactures (8) . . .	16.2	*111*	15.3	*125*	4.6	*271*	3.2	*145*	13.6	*112*	52.9	*124*
Machinery (9–12)	60.6	*127*	31.8	*128*	12.2	*197*	12.1	*104*	21.1	*125*	137.8	*128*
Vehicles (13–16)	69.9	*147*	8.8	*140*	5.9	*211*	2.4	*200*	2.6	*70*	89.6	*145*
Chemicals (17)	27.0	*113*	34.7	*280*	11.9	*61*	5.2	*106*	22.0	*151*	100.8	*134*
Textiles and clothing (18) . .	86.8	*140*	10.2	*134*	21.5	*151*	17.3	*165*	31.5	*172*	167.3	*148*
All other commodities (19, 20)	58.9	*126*	44.7	*136*	14.7	*125*	8.4	*120*	30.9	*178*	157.6	*136*
Total exports . . .	433.4	*128*	181.2	*143*	132.8	*140*	75.4	*115*	280.9	*143*	1 103.7	*134*

Sources : Calculated from Table XXXIX.

[a] Commodity groups and numbers correspond to the classification used in Appendix Table XXXIX. For a detailed description, see Appendix B.

European supplier, increased its exports to the United States from 13,200 to 17,600 cars between the two periods shown. While imports of cars are still only a tiny proportion of total sales in the United States, the challenge of competition has now become sufficiently marked for the American automobile industry to turn its attention to the production of European-type cars.[1] In machinery, the largest British advances both in absolute and in relative terms were in power-generating machinery. British suppliers have had greater success than before in securing large public contracts in the United States.[2] Increases in German exports of machinery were more marked in other types, particularly high-quality, special-purpose machine-tools which are not suitable for mass production.

The expansion of German exports to the dollar area (as well as to other countries) was particularly great in chemicals. This reflected both an increase in total imports by the United States and a substantial redistribution in their origin. Exports of chemicals to the dollar area from the seven countries listed in Table 10 rose by 34 per cent, but those of western Germany nearly trebled.

While the expansion of European dollar exports has, by and large, been in commodities where the European producing countries tend to have a regular competitive advantage (usually in price or quality), part of the increase reflects the special influence of the defence programme in the United States. During the past three years, there has been a marked shift in the structure of United States imports from Europe towards commodities which are, fairly evidently, closely related to American defence production.

United States Imports from Europe

(Percentages)

	First half	
	1950	*1953*
Metals and manufactures	15	26
Machinery	2	6
Vehicles	2	4
Chemicals	5	7
Sub-total	24	43
Food and beverages	18	15
Textiles	19	13
All other items	39	29
Total	100	100

Although a sharp distinction between " defence-sensitive " and other imports cannot be made, it may be inferred from the figures given above that a considerable part of Europe's present exports to the United States is subject to the influence not only of general cyclical fluctuations in United States industrial production, but also of the particular course of its defence expenditure and production.

The Dollar Balance of the Rest of the Sterling Area

The external financial position of the United Kingdom, on which had fallen the main weight of the dollar crisis of 1951/52, was further strengthened in 1953 by an improvement in the balance of payments of the overseas sterling area with the rest of the world. As may be seen from Table 11, the overseas sterling area again became a net earner of dollars in 1952/53. Between 1951/52 and 1952/53 the area also shifted from a deficit of $283 million to a surplus of $193 million in its transactions with the continental E.P.U. countries.[3]

Table 11

TRANSACTIONS OF THE REST OF STERLING AREA WITH THE DOLLAR AREA

Millions of current dollars

	July to June		
	1950/51	1951/52	1952/53
Imports :			
Colonies	155	230	185
Independent members [a]	725	1 380	770
Total	880	1 610	955
Exports :			
Colonies	685	520	455
Independent members [a]	1 025	770	750
Total	1 710	1 290	1 205
Other transactions [b]	+ 144	+ 305	+ 228
Balance with dollar area :			
Colonies	+ 599	+ 357	+ 331
Independent members	+ 375	− 372	+ 147
Total : Rest of sterling area	+ 974	− 15	+ 478

Source : United Kingdom Balance of Payments, 1946 to 1953 (Cmd.8976), H.M.S.O., London.

[a] Excluding the Union of South Africa. That part of South Africa's dollar transactions which is settled through London is included in " other transactions ".

[b] Including gold sales to the United Kingdom (+220; +221 and +142, respectively).

---

[1] United States automobile imports from Europe in the first half of 1953 were 18,500, against a domestic production of 3.2 millions in the United States.

[2] This has taken place partly because of sufficiently low bids, and partly because of a more liberal interpretation of the " Buy American Act " requirement of a 25 per cent price margin.

[3] The whole of this surplus did not of course add to the gold and dollar reserves of the United Kingdom, since the United Kingdom's balance with the Union was being settled wholly in gold during only part of the period.

It will be noticed that the improvement in the dollar balance of the " Rest of the Sterling Area " came exclusively from a heavy fall in expenditure on imports. The same is true of the improvement in the balance with the E.P.U. area. The further moderate fall in export earnings reflects the continued weakening in the prices of most of the primary commodities which are exported.[1] The fact that dollar imports have fallen so much may suggest that, as with European countries, at least a moderate rebound is likely. On the other hand, the fact that primary commodity prices have been weakening so long gives some grounds for the hope that, if a United States recession materializes, speculation on further falls may be less strong and the effects on sterling area earnings smaller than on other occasions.

The probability of an increase in the rest of the sterling area's imports, including its imports from the dollar area, is strengthened by the fact that sterling balances are again growing. After a fall of nearly $1.9 billion between July 1951 and June 1952, the London balances of the independent sterling area countries increased by over $600 million in the next twelve months.[2] This increase was assisted by the continued outflow of British capital : this outflow is estimated to have been equivalent to some $355 million in 1951/52 ; after falling to $81 million in the second half of 1952, it rose again to $221 million in the first half of 1953. Even at the middle of 1953, however, the balances of the independent sterling area countries were barely higher than in June 1949.

Trade between Europe and Non-dollar Countries

In contrast to the improvement in their balance with the dollar area, western European countries taken together experienced a considerable worsening in their trade balance with non-dollar countries in spite of an improvement of about 6 per cent in their terms of trade with these countries. The change in the trade balance was the product of a small increase in expenditure and a substantial fall in earnings.

---

[1] Wool has been an exception to the general trend.

[2] The growth appears to have continued in the third quarter of 1953. The biggest increases since June 1952 have been in the balances of Australia (whose reserves rose by $380 million), New Zealand and India. Ceylon and the Union of South Africa continued to draw down their balances.

Table 12

IMPORTS OF EIGHTEEN WESTERN EUROPEAN COUNTRIES FROM NON-DOLLAR OVERSEAS COUNTRIES

Millions of current dollars, c.i.f.

Area of origin	Period : January–September	United Kingdom	France	Western Germany	Other countries	Total of 18 countries
Non-dollar Latin America	1951	443.1	173.4	166.1	542.4	1 325.0
	1952	205.1	148.1	162.4	412.3	927.9
	1953	372.8	133.8	139.1	458.1	1 103.8
Overseas sterling area (including British colonies)	1951	2 797.0	732.6[a]	378.5	972.9	4 881.0
	1952	2 729.6	687.8[a]	328.4	912.6	4 658.4
	1953	2 900.5	693.4[a]	348.7	903.3	4 845.9
Dependent overseas territories (excluding British colonies)	1951	308.7	750.1	96.9	538.4	1 694.1
	1952	244.2	794.0	113.1	533.4	1 684.7
	1953	191.2	828.8	112.2	491.0	1 623.2
Other overseas countries[b]	1951	565.4	258.0	170.8	724.8	1 719.0
	1952	389.1	256.4	151.8	488.5	1 285.8
	1953	184.9	182.6	199.5	561.0	1 128.0
Total non-dollar area	1951	4 114.2	1 914.1	812.3	2 778.5	9 619.1
	1952	3 568.0	1 886.3	755.7	2 346.8	8 556.8
	1953	3 649.4	1 838.6	799.5	2 413.4	8 700.9

Sources : See Appendix Table XXIII.

[a] The figure includes substantial quantities of non-monetary gold.

[b] Excluding Philippines.

Given the fall in prices, the volume of imports from non-dollar countries must have risen significantly from the low level to which it had fallen during 1952. Table 12, although in terms of value only, sheds some light on the countries which accounted for the rise and the sources from which they drew their increased supplies.

The concentration of the rise in western Europe's imports on the overseas sterling area and Latin America reflects the fact that the United Kingdom was responsible for most of the increase and that, in turn, a large part of its increased expenditure was on food. Australia supplied considerably greater quantities of meat, dairy produce and other foods. Latin American countries also shared in the expansion of British food imports, partly because of increases in their production, and imports of meat, grain and flour and feeding-stuffs from Argentina increased very substantially.[1]

As already noted, the increase in Europe's imports from non-dollar countries was partly in substitution for supplies previously bought in the dollar area. All the countries included in Table 8, save Italy, were able to secure greater supplies of cotton from the overseas sterling area. Increased sugar production in dependencies provided greater supplies for France, and Australia also exported more sugar.[2] For the rest, increased imports of raw materials reflected either rising production by consuming industries or the cessation or reversal of inventory reductions. Both tendencies appear to have operated in the case of wool, imports of which increased from all the main producing countries.

The contraction in Europe's exports to non-dollar markets amounted to some 10 per cent, of which about one-third must have represented a fall in volume. In large measure, this resulted from the necessary reaction of primary producing countries to the drain on their reserves in 1952, when their export earnings collapsed but their import expenditure continued to rise. Although their earnings rose in 1953, the same time-lag in imports customarily operates in the up-swing also.[3] Moreover, in so far as the fall in Europe's exports represented simply a reduction in unrequited exports, it was, from the foreign exchange point of view, no loss. It is of interest, however, to examine the contrasting experience of different European countries, which is conveniently summarized, albeit in value terms, in Table 13.

Some caution is necessary in interpreting the table. Given the small absolute size of the exports of a number of European countries to some or all of the markets shown, percentages may give a misleading impression of the importance of some of the changes. Denmark, Sweden, Norway, Ireland, Greece, Turkey and Austria, for example, sell less than one-third of their total exports in non-dollar overseas markets. Even western Germany sends two-thirds of its total exports to Europe, in contrast to the United Kingdom, two-thirds of whose exports go to overseas markets. Evidently, when a country's exports are small, large percentage gains may be secured by the occupation of even a small corner of the market. In the light of these considerations, what stands out from the table is the considerable advances by western Germany, the unexpected strength of Italian exports, and the contraction in exports from France, the United Kingdom and the Netherlands—the decline of Dutch exports being all the more surprising in the light of the substantial growth of exports to Europe.

It is evident, also, however, that the varying experience of different countries is explicable partly in terms of the distribution of their total exports amongst different markets. The decline in total French exports to overseas countries, for example, is entirely attributable to the fall in sales to its dependent overseas territories, which, in turn, seems to have resulted from a substantial contraction in French investment in the African territories.[4] Moreover, even within particular markets, special factors have sometimes operated to the benefit of one exporting country and the detriment of another. The clearest case of this is in certain Middle Eastern countries, here included in " other overseas countries ", where political factors have led to discrimination against the United Kingdom.

The differing commodity composition of their exports goes a little way to explain the fact that western Germany's exports increased while, for instance, those of the United Kingdom fell. In particular, since textiles form so important a part of British exports, the further contraction in sales to non-dollar overseas markets produced a marked effect on total exports. This fall was, however, in

---

[1] The United Kingdom was also responsible for the greater part of the decline in imports from non-British overseas possessions, largely because of reductions in its purchases of paper-making materials from North Africa. The decline in British and French imports from the group " other overseas countries ", which more than offset increases by western Germany and the Netherlands, reflects primarily the switch in oil purchases from Saudi Arabia to Iraq and Kuwait.

[2] Shipments from Australia in the 1951/52 season had, however, been abnormally low.

[3] This typical pattern of the import behaviour of many under-developed countries with slender reserves is described in detail in two studies on *Trade between Latin America and Europe* and *Trade between Asia and Europe*, prepared by the Regional Economic Commissions and the Food and Agriculture Organization.

[4] French investment in these territories fell by $123 million, or 20 per cent, between 1952 and 1953. See *Projet de Loi de Finances pour l'Exercice 1954, Sixième Rapport de la Commission des Investissements.*

Table 13

CHANGES IN THE VALUE OF EXPORTS FROM EIGHTEEN EUROPEAN COUNTRIES TO NON-DOLLAR OVERSEAS MARKETS FROM 1952 TO 1953 [a]

Area of destination	Percentage decrease				Percentage increase				
	Over 30	29 to 20	19 to 10	9 to 0	0 to 4	5 to 9	10 to 19	20 to 29	Over 30
Non-dollar Latin America	Belgium Finland United Kingdom Sweden Norway Others [b] Switzerland	Netherlands	Western Germany	Italy	Denmark France				
Overseas sterling area (including British colonies)	Belgium Finland	Others [b] Sweden Norway		United Kingdom France	Netherlands	Switzerland Italy	Western Germany	Denmark	
Dependent overseas territories (excluding British colonies)		Sweden	France Belgium	Others [b] United Kingdom Switzerland Finland	Denmark	Netherlands	Western Germany		Italy Norway
Other overseas countries [c]		Netherlands	Norway	Italy United Kingdom	Belgium Denmark	Finland	France Sweden	Others [b] Switzerland	Western Germany
Total overseas non-dollar countries	Finland Norway	Belgium Sweden	France Netherlands United Kingdom	Switzerland Others [b]	Italy	Western Germany Denmark			

Sources: See Table XXIII.

[a] The comparison is between the first nine months of the two years.

[b] Ireland, Iceland, Portugal, Greece, Turkey, Spain and Austria.

[c] Excluding Philippines.

some contrast to the experiences of western Germany and Italy and, indeed, to the substantial increases in British exports to dollar and western European markets.

It may be seen from Table 14 that there was a fall in British exports of almost all commodities, whereas western Germany secured systematic, though sometimes small, increases in a wide range of commodities.[1] Much the biggest part of the growth of western Germany's exports was accounted for, however, by one commodity group—chemicals. The increase was substantial both in absolute, and still more in proportionate, terms, and was in strong contrast to the 20 per cent decline in the United Kingdom's exports in the same group.

It is of some interest that, so far as can be judged on the imperfect evidence of unit value indices, the fall in German prices for chemicals over this period was double that in the United Kingdom's, and that the French chemical industry also, which increased its exports, seems to have cut its prices more than the British. In general, however, it is impossible to discern statistically any systematic correlation between changes in relative prices and changes in market shares from comparison of the available data for western Germany and the United Kingdom, although the scattered evidence which is available indicates that prices have exercised a considerable influence.

---

[1] Most of the falls in western German exports shown in the table reflect payments difficulties in Latin America, which affected the United Kingdom also.

Table 14

CHANGES IN EXPORTS OF SELECTED COMMODITIES FROM FOUR WESTERN EUROPEAN COUNTRIES TO OVERSEAS NON-DOLLAR MARKETS BETWEEN 1952 AND 1953 [a]

Millions of dollars at 1950 prices

Commodity group [b]	United Kingdom		Western Germany		France		Italy	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Food, drink and tobacco		15.6		0.6	9.3			8.9
Iron and steel		10.5		6.5		3.4		1.4
Selected construction materials		10.7		3.3		1.4		2.9
Metal manufactures		20.8		10.5		9.1		0.8
Power generating equipment		11.2		3.3		0.9		1.3
Agricultural machinery		6.7	0.3			0.7	0.1	
Metal-working machinery		18.0		0.2		12.2		8.5
Electric machinery		11.1	4.9			7.7		0.6
Tractors		0.6	3.4			0.6	3.7	
Vehicles		62.4	5.1			22.8		0.7
Chemicals		30.6	34.5		10.7		1.2	
Textiles and clothing		44.2	0.3			11.2	4.4	
Instruments and watches		1.7	1.2		..	..	..	..
All other commodities	0.2		7.3		2.3		9.3	
Total change	0.2	244.1	57.0	24.4	22.3	70.0	18.7	25.1
Total exports in first half of 1952	*253.6*	*1 521.7*	*145.9*	*155.3*	*444.7*	*489.5*	*107.6*	*78.9*

Source : Table XXXIX.

[a] The comparison is between the first halves of the two years.

[b] For more detailed specification of the groups, see Appendix B.

It is similarly difficult to assess in quantitative terms the importance of the various special measures of export promotion on which, with increasing competition, greater attention has been concentrated. Reimbursement of taxes or other charges in respect of export business has been common in a number of countries, and its operation in France must go some way to explain the fact that, although the level of French costs is generally believed to be higher than that of most other countries, French exports have nevertheless fallen only moderately. The influence of such measures is further emphasized by the meeting of European Industrial Federations in October 1953 to devise ways of limiting their proliferation.[1]

Even wider issues are raised by the question of export credits, the increase in which has frequently been suggested as a major reason for the growth of western German exports. In most countries, and most familiarly in western Germany and the United Kingdom, industry has been pressing for the further extension of credit facilities. There is evident danger of unhealthy competition in this field between exporting countries, with respect in particular to the terms on which credit is granted. But it is, of course, normal that the more-developed countries should be prepared to lend abroad and, indeed, doubtless to a greater extent than so far in the post-war period. Consideration might well be given to the establishment of more uniform conditions, particularly in the field of export credits. Specific suggestions to this end, with special reference to the development problems of southern European countries, are discussed in Chapter 16.

---

[1] The meeting recommended that there should be a standstill agreement for three months, during which consideration would be given, amongst other matters, to the question of defining harmful export incentive schemes and of devising ways to eliminate them.

Chapter 2

PRODUCTION AND DEMAND IN FOUR EUROPEAN COUNTRIES

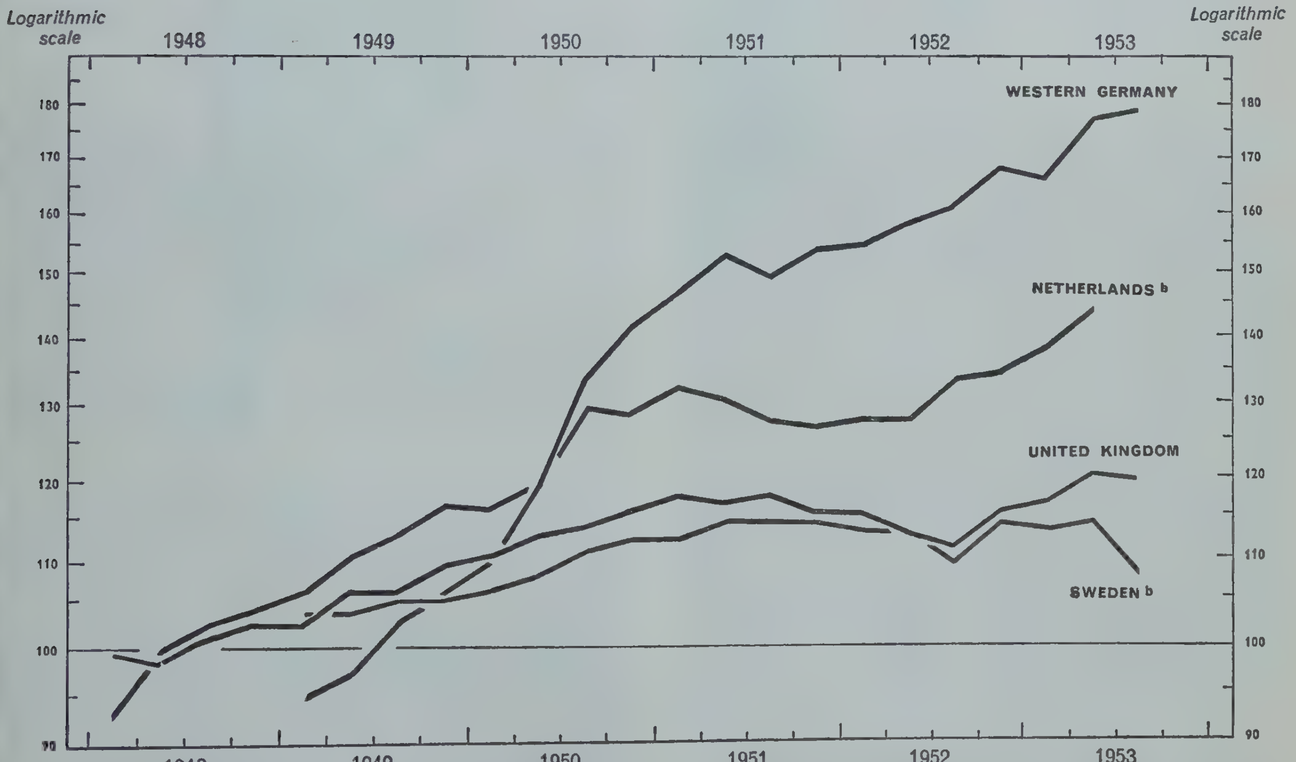
It has been shown in the preceding chapter that, for most western European countries, 1953 was a year of recovery from the fall in production they had experienced in 1952. The strength of this recovery, however, varied greatly from country to country; in Belgium and France, for instance, it was scarcely perceptible, while in western Germany and the Netherlands production was growing strongly.

Various explanations have been offered for the sharp change in the economic weather which took place in western Europe after 1950. These explanations, in turn, colour views on the probability that a vigorous rhythm of economic expansion will be maintained. At one extreme, the primary influence is attributed to changes in Government policies which came to give greater priority to external and price stability than to economic growth. At the other extreme, the problem is explained away rather than explained. It is suggested that the abnormality lies not in the last two years but in those which went before, when high rates of growth were achieved only because of excessive demand and the existence of previously unused capacity. On this view, production can expand as it did until 1950 only if demand

Chart 4

INDUSTRIAL PRODUCTION

Index numbers, seasonally corrected, 1948 = 100 [a]



Sources : See Appendix B.

NOTE. — The index of production for the Netherlands given here and in Chart 7 has recently been replaced by a new index. The degree of consistency between the new index and the national accounts data used in this chapter is, however, not known.

[a] Western Germany 1949 = 100.

[b] Excluding building.

for all commodities is high, and this implies that demand for some will be excessive. It is implied that "normal" rates of growth are much more akin to the average increases in productivity achieved during the inter-war years and that periods of quiescence or even mild recession are also normal, as the system takes breath and readjusts itself after a burst of expansion. Between these two extremes lie many shades of opinion.

It is the purpose of the present chapter to analyse, as systematically as the data permit, the main factors which appear to have influenced economic development in a number of western European countries both before and after the break of late-1950. Statistical limitations and the susceptibility of most European countries to events in other parts of the world combine to prohibit any attempt at "explanation" in terms of a complete model of interdependence. The object has rather been to bring together coherently the proximate determinants of production and to assess their relative importance over the period, leaving, inevitably, the remoter levels of determination unanalysed. Even such partial analysis, however, provides considerable evidence as to the conditions which need to be satisfied if steady and significant rates of economic growth are to be achieved.

The analysis has been limited to four countries—western Germany, the Netherlands, Sweden and the United Kingdom. Although the initial principle of selection was the adequacy of statistical information, there is a sufficiency both of contrasts and similarities between the four countries to validate the choice pragmatically. It can be seen from Chart 4 [1] that, while Sweden and the United Kingdom have done little more than regain the level of production reached in 1951, western Germany and the Netherlands have greatly surpassed it and, indeed, the former can scarcely be said to have experienced at any time anything more than a slowing down of the early headlong pace of advance. In each of these pairs there is one country whose exports are dominated by primary products and one which depends on manufactures. Although their paths of policy have recently come closer together, there were considerable differences in earlier years in both the nature and the timing of policy changes in the different countries. For these and other reasons it is possible to hope for some degree of generality in the conclusions which emerge.

---

[1] The original indices of industrial production have been corrected to eliminate, so far as possible, the influence of purely seasonal variations. For a description of the methods used, see Appendix B.

1. The Structure of Production and Demand

Amongst the many conflicting interpretations of the course of recent economic history, it is possible to find one point of common agreement—that the explanation of the change in the trend of economic growth is to be found in factors originating on the side of demand rather than of supply. Until some time after 1948, production in the countries under consideration was virtually insulated from fluctuations in demand, whose influence was expended on internal prices, the external balance, stocks of commodities or order books.[2] Today, there is unused productive capacity, both capital and labour, in a number of industries; that is, production and income could expand more quickly if demand were higher. This analysis is concerned essentially, therefore, with the development of the different categories of demand which call forth production and generate incomes.

The relative importance of different categories of expenditure as generators of production and income cannot be assessed simply by inspection of their share in the total of national expenditure. Not all expenditure in fact generates production. In the first place, a part of each class of expenditure is sterilized from the point of view of production, being absorbed by expenditure taxes or paid to foreigners for imports, either of final products or of goods and services incorporated in home produced goods.[3] In the second place, as is discussed more fully below, the effects of changes in expenditure on incomes and production vary almost equally considerably according to the type of output on which the expenditure ultimately falls.

For these reasons an attempt has been made to analyse the main characteristics of the structure of production and demand in the four countries under examination. The results of this analysis are presented in Chart 5.

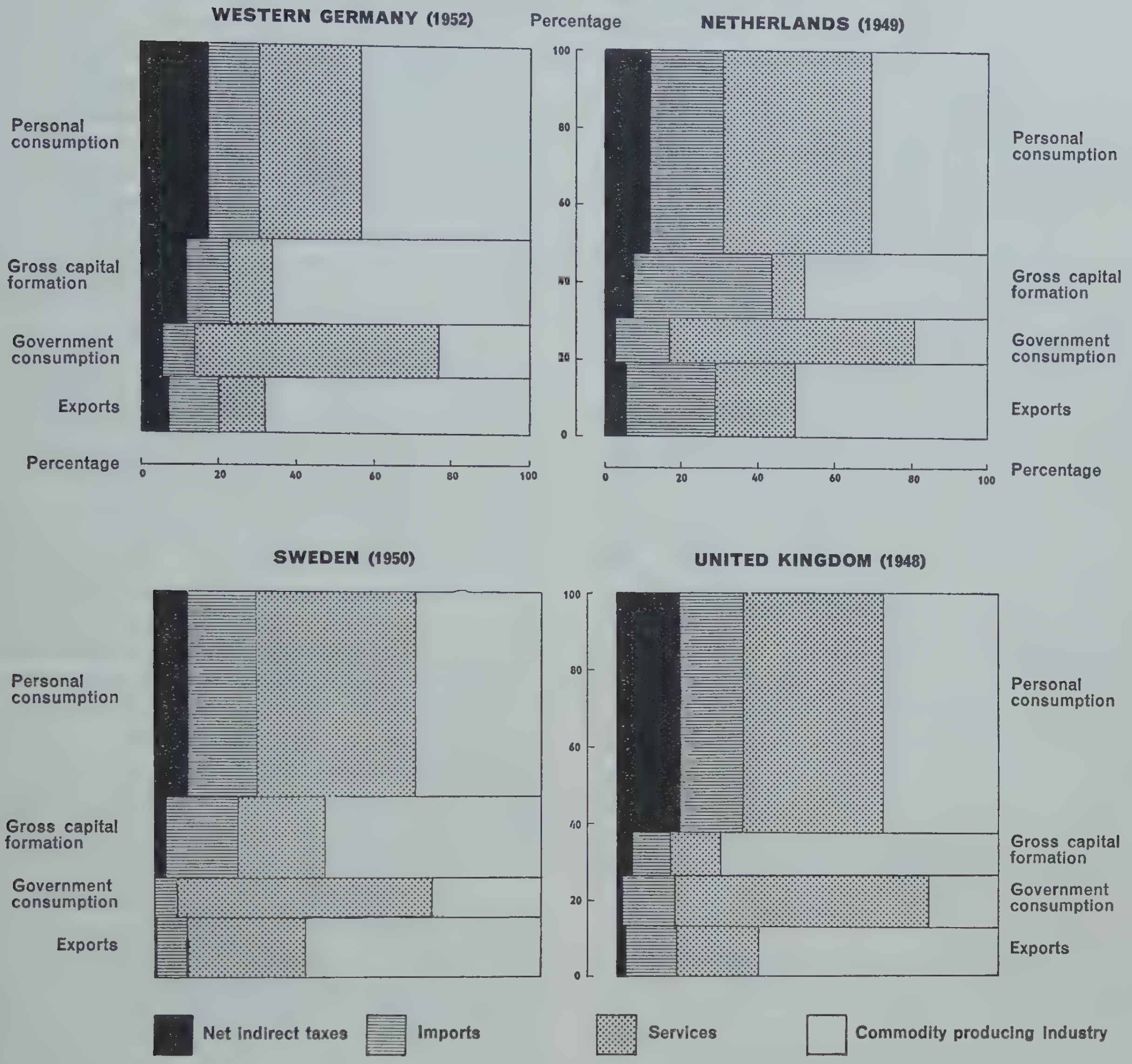
---

[2] In western Germany, however, there was also an initial period, until some time after the currency reform, when production was held down by lack of effective demand.

[3] Thus, for example, expenditure on foreign travel generates no domestic production; the greater part of money spent on tobacco in the United Kingdom flows to the Exchequer and is lost to the income stream; conversely, expenditure on timber in Sweden or coal in the United Kingdom flows almost without leak to business enterprises. It is true, of course, that Government expenditure is not unrelated to revenue, so that in one sense the money absorbed by indirect taxes is not ultimately sterilized completely. The connection between revenue and expenditure is, however, extremely indirect.

Chart 5

STRUCTURE OF PRODUCTION AND DEMAND



Sources : See Appendix B.

The share of each category of final expenditure in the gross value of supplies available is represented on the vertical scale. Along the horizontal scale is represented, for each class of expenditure, the proportions in which receipts from sales are divided between four types of cost.[1] The ratio of the sum of the areas for any one type of cost to the total area, therefore, exhibits the share of that cost in total costs, and the way in which each cost is shared amongst different types of expenditure is easily seen.[2]

The division of total expenditure is into the customary groups of personal and public consumption, gross capital formation and exports, the basis of distinction being essentially the degree (and speed) of dependence of expenditure on income. Thus, at one extreme, the connection between changes in personal income and changes in personal expenditure is very close, though by no means simple. At the other extreme, demand for a country's exports is influenced only very remotely by variations in its own income, unless the country or the variations be very large.[1]

---

[1] Cost is here looked at from the point of view of the final purchaser, to whom indirect taxes are as much a cost as any other element in the price. It should be noted that the cost quotas for each type of expenditure are " cumulated " in the sense of covering all the stages of production which contribute to the finished product which is bought.

[2] In other words, the total area of the block represents the gross value (at market prices) of domestic output. This is analysed vertically according to its destination and horizontally according to its origin. If imports are excluded, the residual area represents the gross domestic product.

As already indicated, costs may be divided into two parts, one—expenditure taxes and imports—which does not represent any domestic economic activity, the other [2]—here divided into " services " and " commodity-producing industry "—which does. This latter distinction, which corresponds fairly closely to that between those commodities whose output can in principle be measured fairly easily and those where measurement is very uncertain, has, however, a more substantial significance. Briefly, since the issue is discussed more fully in Section 2 below, " commodity-producing industry " differs from " services ", first in the greater degree to which changes in the volume of output demand corresponding changes in the volume of input; second, in the greater sensitivity of its investment expenditure to changes in the level of activity; third, in the closer link between variations in activity and variations in the incomes of employees in this sector.

It cannot be too strongly emphasized that the analysis of the cost structure of the different types of expenditure is extremely rough. In the majority of the countries considered the statistical basis for any refined analysis does not exist.[3] Moreover, note should be taken of certain conceptual differences, both between countries and from customary practice, which limit the scope for inter-country comparison or the purposes for which the analysis can be used.[4] It is believed, however, that the results are sufficiently approximate to sustain the broad comparisons between countries and between types of expenditure made in this study.

The most striking of the features common to the four countries is the disproportionate share of the total of expenditure taxes falling upon personal consumption expenditure. In other words, any given (absolute) increase in personal expenditure calls forth a smaller increase in domestic production than would a similar increase in investment or exports. This asymmetry is least noticeable in western Germany [5] —reflecting the reliance in that country on turnover rather than final expenditure taxes—and most apparent in the United Kingdom.[6]

It will further be noticed that the distribution of the outputs of the service and commodity producing industries respectively between the various classes of demand is very different. The very large share of Government current expenditure which flows to the service industries, as here defined, is, of course, primarily a reflection of the fact that, except during periods of rearmament, the major call of Government on the real resources of a community is represented by the labour which it diverts from other potential employments. For the rest, since transport, distribution and personal services are the other main industries here covered by the term services, it is natural that the lion's share of the output of the group should flow to personal consumption. It follows from these two facts that changes in the levels of exports or investment have much more influence on the output of commodity producing industry [7] than would be suggested by their share in the total national expenditure. Thus, for example, although investment and exports take only 25–30 per cent of the national product of the United Kingdom, they absorb some 40–45 per cent of commodity production.

---

[1] This is not to say, of course, that foreign demand may not in certain circumstances be influenced indirectly by variations in the income of the exporting country inasmuch as these affect its prices, delivery dates and all the other factors conveniently summarized in the term competitive position, or, alternatively, as they affect its imports. These qualifications are considered more fully in Section 3 below.

[2] In formal terms, the gross domestic product at factor cost. The sum of these two costs for each type of expenditure represents its " domestic factor cost ".

[3] The analysis is best for the Netherlands and least satisfactory for Sweden and western Germany.

[4] Definitions of the concepts and an account of the methods of estimation employed are given in Appendix B. Certain major points, however, should be mentioned here. First, the whole analysis is in terms of the gross *domestic* product, i.e. payments and receipts of interest, profits and dividends to and from foreign countries are excluded. Second, a number of other items in the invisible account are treated on a highly net basis. This is particularly so in the case of transport items. Because of the impossibility, generally, of knowing the proportions in which the carriage of imports is divided between foreign and domestic shipping, and of the somewhat arbitrary and unstable character of this division, a relatively drastic simplification is adopted. The formal assumption is made that each country carries its own imports up to the limits of its own shipping capacity, using only any surplus after the transport of its own imports has been covered to carry its exports or for charter purposes. In countries with a surplus on international transport account, therefore, visible imports are shown on an f.o.b. basis and the net surplus shown as an export. For countries with a deficit, the value shown for imports is visible imports f.o.b. plus the net deficit on transport account. Third, gross capital formation and the gross domestic product have a different definition in the Swedish national accounts from that adopted by the other three countries. The repair and upkeep of capital assets are treated as capital formation in Sweden, but in the other three countries as current costs of production. Consequently, the Swedish gross domestic product is higher than it would be on the definition in use elsewhere, and the whole of this difference is included in capital formation.

[5] Other things being equal, this feature of the German tax system would tend to make the prices of, say, investment goods higher in relation to consumer goods than in the other countries. This may possibly help to explain the fact, discussed below, that in Germany capital formation takes so large a share of the national resources.

[6] The distribution of the indirect tax burden in Sweden also appears to be very asymmetrical. The analysis for Sweden is, however, like that for Germany, somewhat rough.

[7] In other words, they have much more influence on the movements of index numbers of industrial production than is frequently supposed.

Inter-country comparisons need to be made with caution, not only because of the conceptual differences already discussed, but also because of differences in the years for which the analysis has been made.[1] The picture for one year in any country may in some respects exhibit purely transitory features.[2] Furthermore, the structures both of demand and of costs will vary with movements in relative prices.[3] Nevertheless, certain differences between countries are so great as to transcend these limitations.

What first stands out is the astonishing variety in the allocation of resources domestically available [4] —essentially differences in the division between capital formation and personal consumption. The share of personal consumption ranges from over 70 per cent in the United Kingdom to only 55 per cent in western Germany.[5] If allowance is made for the conceptual peculiarity already mentioned, which gives a misleadingly high figure for investment in Sweden, the picture which emerges is one in which the two richer countries are living best and investing least while the poorer pair—and western Germany in particular—are devoting a very large share of their current income to adding to their capital assets.

There are striking differences also in the extent to which the economies of the four countries are geared to foreign trade, with the Netherlands, at one extreme, twice as dependent on imports [6] as western Germany, at the other. It can be seen that imports pervade every sector of the Dutch economy and, in particular contrast to the position in the other countries, that a very substantial proportion of imported goods and services are for capital formation or for inclusion in products ultimately exported.

Attention needs finally to be directed to differences between countries in the relative importance of commodity-producing industry in national output as a whole. The notable feature is the considerably greater share of commodity production in German output than in that of the other three countries.

The most general cause of this difference lies in the greater dependence of the Netherlands, Sweden and the United Kingdom on foreign trade. Crudely speaking, a greater part of the constituents of their output has to travel long distances and their shipping industries have developed accordingly.[7] For Sweden and the United Kingdom at least, a substantial part of the difference must simply exemplify the familiar generalization that richer countries tend to spend a higher proportion of their incomes on the products of tertiary industries. Finally, it may be supposed that the lower share of wage costs in total costs in western Germany results in prices for services which are lower in relation to those for industrial commodities than in Sweden or the United Kingdom.[8] Since the influence of this third factor will tend to depress the value of output of the service industries in the Netherlands also, the similarity of their share in total output to that found in the United Kingdom shows very vividly the extent to which the Netherlands also has specialized in the provision of international services.

With the aid of the preceding analysis of the structure of production and demand it is now possible to assess, albeit roughly, the influence which each type of demand has exercised on the development of output during the period under review and, at a second stage, their influence on industrial production in particular. Such an analysis is attempted in the next section. Later sections examine, to the extent that this is possible, the factors which in turn made the various classes of expenditure behave as they did.

---

[1] The choice of year in each case was dictated by statistical possibilities.

[2] For example, the Netherlands was in external current deficit in 1949 and the surplus of the United Kingdom in 1948 was very small as compared with that which is now held to be necessary over an average of years.

[3] In particular, the large increase in import prices since 1948 has the effect of making the relative dependence of the United Kingdom on foreign trade appear considerably smaller than is, in fact, the case.

[4] That is, the gross domestic product *plus* imports *less* exports.

[5] In 1952 capital formation took 12.5 per cent of the resources domestically available in the United Kingdom while in western Germany the proportion was 26 per cent. The formal definition of capital formation appears to be virtually the same in the two countries, but the disparity becomes all the more surprising when account is taken of the fact that the greater extent of war damage in western Germany must make it difficult to prevent some genuine capital expenditure from being classified as repair work.

[6] The difference becomes all the more striking when it is remembered that exports and imports of services—an important element in Dutch trade—are presented in the chart on a highly net basis.

[7] Moreover, the German fleet has still not recovered from the effects of war.

[8] In other words, the low relative price of labour will show its greatest effects in labour intensive industries, to which class most service industries belong.

2. The Development of Demand

Since the proportion of national product called forth by each type of demand[1] is known for one year and the changes in the level of each demand from year to year, the amount by which each has influenced the trend of national production can be shown. Chart 6 presents the results of such an analysis for the four countries for each of the years 1948 to 1952.

Under ideal circumstances there should be perfect congruity between the movements of what is essentially an index of production-generating expenditure and an index of national output.[2] In practice, there are, not surprisingly, significant disparities,[3] as will be seen from the chart. Some broad conclusions may nevertheless be drawn.

In all cases, the influence exercised by the four types of expenditure differs considerably from what would be suggested by inspection of the original data at constant market prices. This reflects, of course, the uneven distribution of expenditure taxes and imports between types of expenditure. It will be seen, in particular, that variations in consumer expenditure have played a relatively modest role in the process of economic change. Except in western Germany (and in Sweden in one year), the growth of personal consumption has in no case been great enough to generate as much as a two per cent increase in domestic production. Nor, with the same exceptions, have changes in the rate of increase of personal consumption been a leading cause of changes in the rate of increase in national output. Government consumption has been, throughout the period, a systematically expansionary influence. Moreover, in western Germany and the United Kingdom it has, in recent years, been expansionary in the dual sense that it has not only increased, but has also increased at an accelerating rate. Indeed, it will be noted that, in the United Kingdom in 1952, government consumption was the sole offset to the deflationary movement of the other categories of expenditure.

Western Germany forms somewhat of an exception to the general picture in that the motive forces of the production expansion have been, in a rather special sense, more " balanced " than in the other countries. All four types of national expenditure have, in fact, shown a steady rise.[4] Given the low level—in relation to those to which western Germany had formerly been accustomed—both of living standards and of capital per head in 1949 and the subsequent continuing influx of population, the vigorous claims from consumers and business are scarcely to be wondered at.[5]

Two features stand out from the chart. First, the steady decline throughout the period in the rate of increase of the gross domestic product. Second, the almost equally steady decline in the rate of increase of exports.[6] This systematic correlation between exports and output may suggest that the connection between them is more intimate than the obvious link between output and any category of expenditure.

---

[1] That is, the domestic factor cost of each type of demand.

[2] Particularly, since output and expenditure data in national statistics are, in practice, rarely independent of each other. The extreme and opposite cases are western Germany, where both sides of the national accounts draw heavily on production data, and Sweden, where both lean firmly on expenditure series.

[3] The first cause of these incongruities is evidently errors in the cost analysis, i.e. the distribution of the gross domestic product at factor cost between the different categories of demand in the base year. Given the inadequacy of much of the data it would indeed be surprising if errors had been avoided.

Even were the initial analysis without flaw, however, the assumption that the ratio of domestic factor cost to total cost remains constant over time for each class of expenditure clearly does violence to reality. Although changes in the ratio resulting from variations in rates of indirect tax or subsidy are automatically allowed for by the use of expenditure data at constant market prices, it is evidently unrealistic to assume an invariant physical import content of output. Some attempt has been made to eliminate this conflict with reality. The logical corollary of the assumption of invariant import contents is that, if in any year the ratio of the volume of imports to the volume of national expenditure (suitably weighted) diverges from that of the base year, the whole of the excess or deficiency is taken up by variations in the level of stocks of imported products. National data for investment in stocks and work in progress have been adjusted in accordance with this principle before being used in Chart 6, so that they reflect in theory only changes in the rate of investment in stocks of home produced commodities. A third potential conflict between assumption and reality has been avoided, at least in part. Account was taken of the effects on the ratio of domestic factor cost to total cost of changes in the pattern of expenditure within each category. An account of the method used is given in Appendix B.

Finally, it is to be noted that, wherever national indices of the development of gross domestic product are based primarily on expenditure data—as in Sweden in particular—a systematic difference from the indices here presented is to be expected. The indices shown in Chart 6 are, formally speaking, of expenditure at *domestic* factor cost. National indices of gross domestic expenditure are based on data at either market prices or factor cost. To the extent that *relative* prices differ in the three cases there will be systematic differences in the behaviour of indices of the volume of output derived from them. The fact that the correspondence between the indices of expenditure at constant domestic factor cost here presented and the official series is best in the United Kingdom, where the comparison is with an output index, suggests that this factor may be of considerable importance. The absence of any similar close correspondence in the case of western Germany is partly explicable in terms of differences in relative prices between 1936, the base year in the national accounts, and 1952, the year used for the cost analysis.

[4] Save only for gross capital formation in 1952, when the rate of investment in stocks declined sharply.

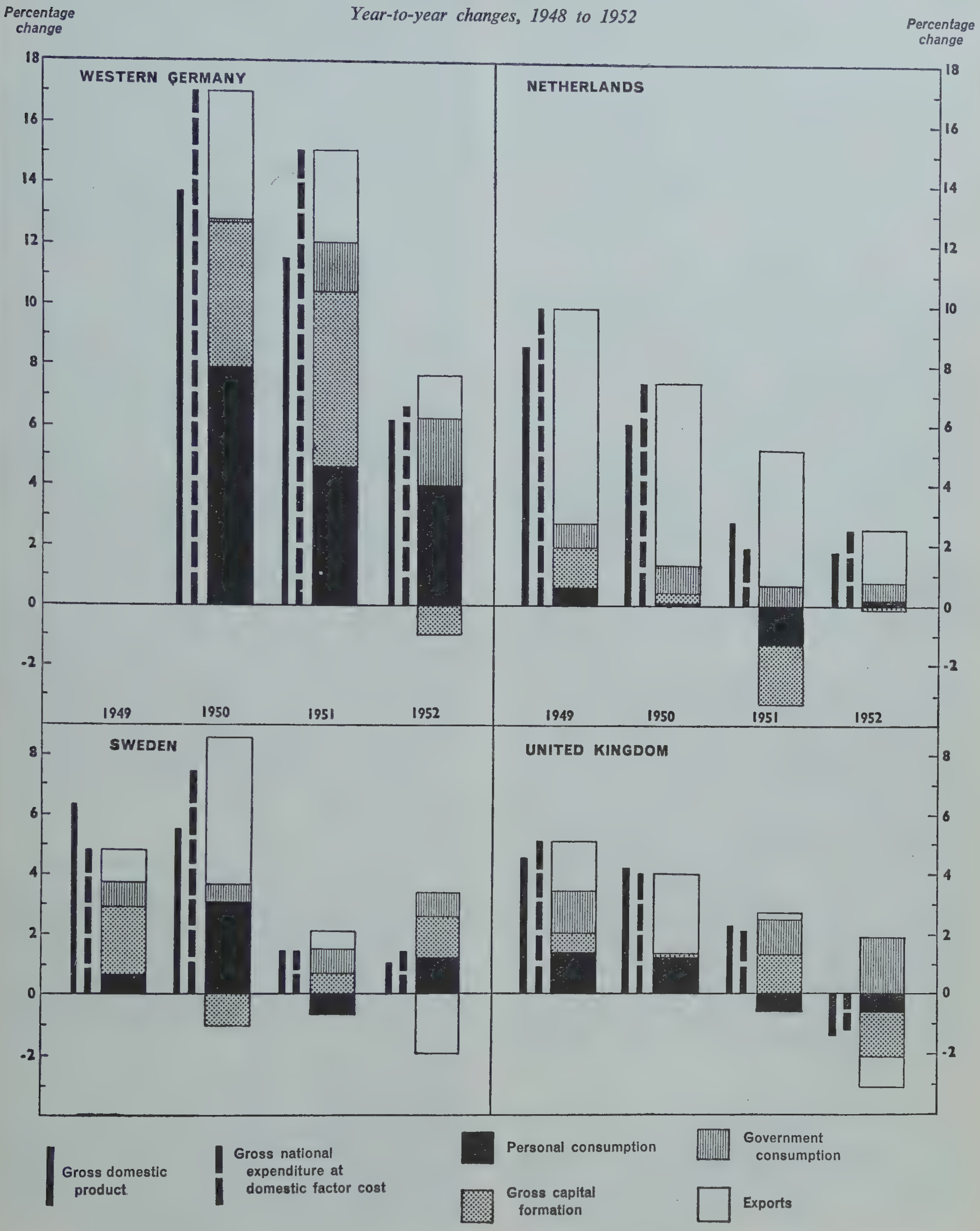
[5] It is reasonable to suppose that past comforts are a more powerful stimulus to present demands than are external example or imagined plenty.

[6] Sweden is the only exception to this generalization.

Chart 6

EFFECTS ON NATIONAL PRODUCT OF CHANGES IN OUTPUT-GENERATING EXPENDITURE

Year-to-year changes, 1948 to 1952



Sources : See Appendix B.

All that has been exhibited so far, however, are the extremely proximate causes of variations in total output in the four countries. It cannot be concluded, without further examination, that these are ultimate causes, even in that very limited sense which implies that the behaviour of each order of demand is itself independent of the behaviour of total output or of other orders. Some further light on this question can be shed if the analysis is carried a step further to examine the role of commodity producing industry and the forces which have determined its course.

Factors in the Development of Industrial Production

It was suggested earlier that the course of output in what is here called commodity-producing industry has a peculiarly strategic role in the dynamics of output as a whole. The differences between service and commodity-producing industries may now be examined more attentively.

The argument is essentially that a given increase in expenditure generates ultimately (through both its direct and indirect effects) more production when its initial impact is largely on commodity-producing industry than in the alternative case. In the first place, it is a characteristic of most service industries that, at least in the medium-term and for moderate variations, changes in demand are met, not by the employment of more or less productive resources, but by varying utilization of those already in the industry.[1] Hence, unless prices are lowered, a substantial part of an increase in expenditure falling on service industries will go simply to raise the remuneration of productive factors already in the industry. This loss of production-generating power will be avoided only if the extra remuneration is in turn spent. It so happens, however, that, for well known reasons, arrangements linking wages to output per man are in general least developed in the service industries. Hence, there is a strong tendency for the greater part of the extra remuneration to flow to profit incomes, the rate of saving from which is likely, in the short run at least, to be rather large. In fine, there is a considerable probability that the stimulating effect of an increase in expenditure which is concentrated mainly on service industries will be exhausted after the initial rise in output in those industries themselves.[2]

For somewhat different reasons, it also seems reasonable to expect that the indirect effects on production of variations in expenditure will be different in service industries from those to be found in commodity-producing industry. In other words, there is a difference in the responsiveness of investment expenditure to changes in receipts. There is a general tendency for capital in service industries to be more long-lasting[3] and, as already noted, to be more elastic in capacity than that in commodity-producing industry.[4] Moreover, the political accident of public ownership of all or part of the transport industry in the four countries considered helps to make its investment policy less responsive to purely commercial considerations.

In the light of these several peculiarities, the service industries may be regarded, crudely speaking, as dependent industries, capable of receiving impulses to expand output but not of transmitting them. In other words, the relation between the two groups of industries is that increased output by commodity-producing industry leads to increased demand for services, but that increased output by the service industries leads to increased demand neither for the products of the commodity-producing industries nor for their own products.[5]

Because of this primacy of commodity-producing industry in the process of economic change, an attempt has been made, by methods similar to those already employed in respect of total output, to analyse the factors which have influenced its development. The object has been to " explain " the movements of the respective index numbers of industrial production —the closest convenient approximation to measures of output in commodity-producing industry—in terms of changes in the four types of demand.[6] The results are presented in Chart 7.

---

[1] For example, the capacity of shops is elastic for moderate variations in sales; cinemas and theatres may play to full or half-empty houses; both the length and weight of railway trains can be varied without proportionate variations in draught-power or fuel consumption.

[2] In technical parlance, the multiplier is in general rather low for expenditure on services.

[3] And, therefore, responsive only to changes in demand in whose permanence some confidence is felt.

[4] Gas and electricity are examples of industries, here treated as commodity-producing, which, in this respect, and in some others, have the same characteristics as service industries. Their treatment has been dictated by statistical considerations.

[5] In more formal terms, the proposition is that, as a first approximation, the output of service industries may be taken as a purely dependent variable, determined by the output of commodity-producing industry and the level and disposition of personal income. If changes in personal income depend primarily on changes in total output, commodity-producing industry emerges as the single determinant.

[6] Since the industries covered by national index numbers of industrial production do not correspond exactly to those included in commodity-producing industry as here defined and, indeed, vary from country to country, the cost analysis presented in Chart 5 has had to be extended further. The estimated distribution of the net output of the industries covered by the respective index numbers of production between the four categories of expenditure is shown by the relative scales.

In the upper half of each chart is represented the course of industrial production in the period under review and, in the lower part, the movements of the volume of each of the four types of expenditure. Each expenditure graph is drawn on a scale proportionate to the share of the net output of commodity-producing industry which was taken by that class of expenditure in the year of analysis.[1] The four ordinates may therefore be summed for each year to give a combined index of output-generating expenditure, which, in theory, should exactly duplicate the production index.[2]

Given the additional statistical hazards, it is scarcely surprising that the correspondence between expenditure and production indices is not in fact exact.[3] Moreover, the limitation of the analysis to yearly changes, made necessary by the absence of reliable data on anything but an annual basis for government expenditure and capital formation, has the effect of somewhat masking the changes in trend. Nevertheless, although the method (and the original data) is too crude to explain minor or short-term variations in production, it may be regarded as sufficiently valid to explain the major changes under examination.

The most striking feature which emerges from the charts is the preponderant influence which exports have exercised. In the United Kingdom, for example, more than one-half of the increase in commodity production between 1948 and 1951 was called forth by export demand. While the influence of exports was rivalled by that of capital formation in western Germany, in the Netherlands the production index has been virtually the image of the export index. In the behaviour of exports may be seen the leading explanation of changes in the trend of production in all countries and of the difference between the two pairs. It will be seen that the end of the phase of expansion in Sweden and the United Kingdom coincided broadly with the end of the export boom and, conversely, that the continuing growth of production in the other two countries has been borne primarily on the still-rising tide of foreign demand. The importance of Government consumption in sustaining industrial production in Sweden and the United Kingdom since the end of the export boom again appears extremely vividly.

It is difficult to find confirmation in these charts for the widely held theory that the driving force of the production booms was the pressure of domestic inflation and that in its eventual exhaustion is to be found the explanation of the subsequent stagnation. It is evident, in fact, that consumer demand exercised only a very modest influence on the growth of industrial production. It may properly be argued, of course, that, since Chart 7 shows changes not in demand but only in the volume of goods which different claimants in the event succeeded in securing, no direct inferences can be drawn as to the pressure which domestic demand was exerting. But, if the hypothesis of domestic inflationary pressure is retained, the relative movements of the various series in Chart 7 become explicable only on the assumption that export demand is a much more successful competitor for scarce goods than is commonly supposed. More generally, the coincidence of changes in exports and changes in production seems too great to be dismissed as accidental.

It may similarly be suggested, however, that inflationary pressure played its part indirectly, through the stimulus which it gave to investment expenditure. Evidently when all prices are expected to rise most investment appears good business. But it is clear that, again excepting western Germany, variations in fixed capital formation have not been of decisive importance in the process of expansion. Changes, frequently violent changes, in the rate of investment in stocks and work in progress have, on the other hand, exercised considerable influence and no analysis of short-term fluctuations could leave them out of account. It may be seen, however, that such fluctuations have not been a major *systematic* factor in the process of economic development—a result which, indeed, is only to be expected. From an analytical point of view this is all to the good, since the dubiety attaching to statistics of stock changes[4] in all countries makes them a very uncomfortable tool with which to work.

---

[1] That is, the sum of the vertical distances corresponding to a one-point movement in each of the four classes of expenditure is the same as that corresponding to a one-point movement on the production scale.

[2] It should be noted that, just as the index of output-generating expenditure is a weighted sum of the four expenditure series, so are the series themselves sums of component series weighted according to their call on industrial output. Where there have been changes in the pattern of expenditure within it, the movement of any of the four categories as shown here will differ from the original national series for expenditure at constant market prices.

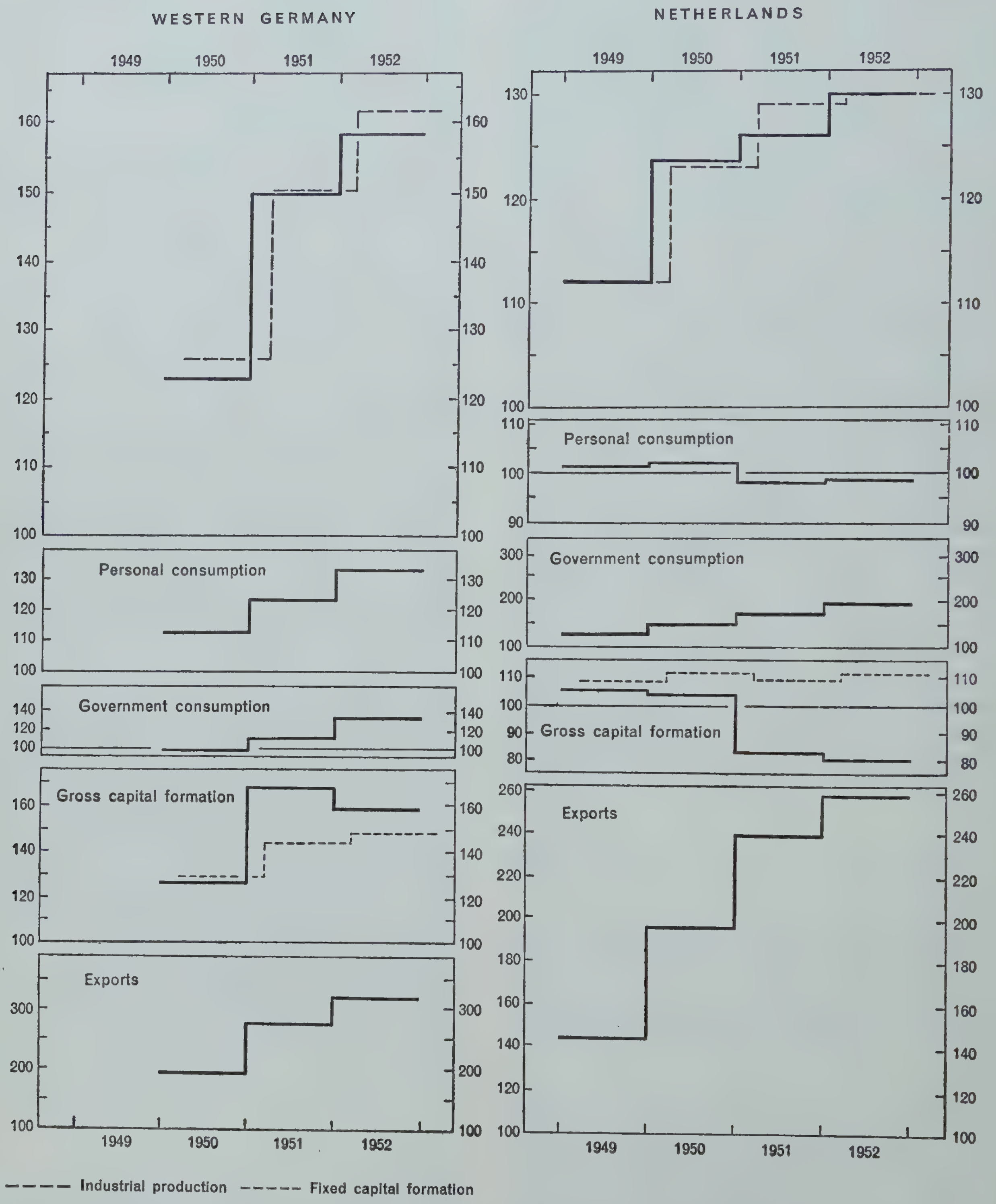
[3] Indeed, in the case of Germany, where the statistical analysis was particularly hazardous and the changes in expenditure and production extremely violent, the surprise lies rather in the close concordance of the two series. This may in part reflect the lack of independence of expenditure and production data in the original source. The agreement of the two series is least satisfactory for Sweden where, however, the accuracy with which the production index mirrors actual movements in industrial production is open to considerable question. More generally, some inconsistency between expenditure and production data is likely to exist in all countries.

[4] They are the principal legatees of errors and omission in the national accounts of all countries. Those used here are all the more so in that, as already indicated, they carry the weight of the adjustment for the conflict between reality and the assumption of fixed import coefficients.

Chart

EFFECTS ON INDUSTRIAL PRODUCTION OF CHANGES

Index numbers —



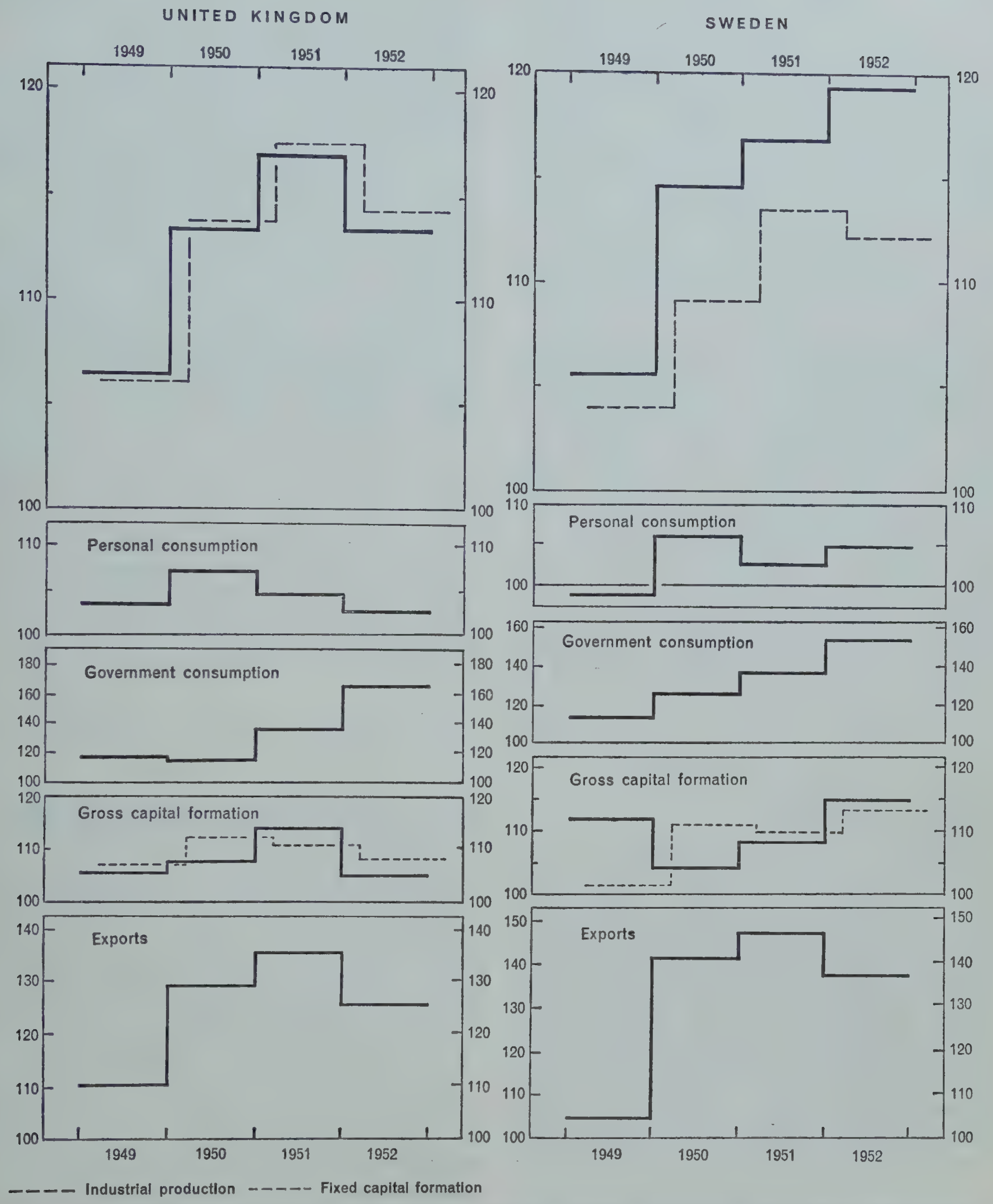
Sources : See Appendix B.

NOTE. — As indicated in the text, the index numbers for each class of expenditure are plotted on a scale proportionate to the share of the class in the net output of industry. The unbroken line at the top of each chart is therefore a weighted sum of the individual expenditure series. The weights originally derived were for the different years of analysis shown in Chart 5. They were then adjusted to allow all series to be based on 1948, except those

7

IN THE EXPENDITURES WHICH GENERATE IT

1948 = 100 [a]



for western Germany where the base year is 1949. See Appendix B for a description of the method of adjustment. The broken lines representing industrial production and fixed capital formation have been offset for ease of reading.

a Western Germany, 1949 = 100.

The leading part which exports have played in the determination of industrial output may appear on reflection to be more than merely the chance result of the particular circumstances of the period considered. It has been suggested that the development of production in commodity-producing industry plays a peculiarly strategic role in the whole process of economic development, determining simultaneously the output of service industries and personal income and, therefore, within fairly narrow limits, personal expenditure. If those two elements are so dependent as has been suggested, the course of output in commodity-producing industry must in turn depend on the development of demand for exports, for investment and from the Government. If also, as may be supposed, investment in commodity-producing industry is the most sensitive element in total investment and is itself closely influenced by changes in industrial output, then exports, Government consumption, and that part of investment which is considerably influenced by the Government are left as the leading independent factors governing the growth of the national product. The first is, for small countries at least, to a considerable extent beyond their power to influence. The behaviour of the other two depends on public policy.

The history of the years under examination may then be summarized, crudely, in terms of two determining factors. Exports rose rapidly in all four countries until 1951 and with them rose industrial production and total output. Exports then fell in two countries and output with them, while in the other pair exports and output continued to rise. The second factor is the incidence of rearmament, which in Sweden and the United Kingdom has been, since 1951, a powerful damper on the contractionary forces released by the fall in exports.

It is evident, however, that the crude dualism of the analysis presented requires further refinement before any convincing generality can be claimed for it. It is undeniable that in the development of exports is to be found the major single direct explanation of the course of industrial production and, as has been seen, a strong case can be developed for the thesis that exports have been equally influential in the development of output as a whole. It is equally certain, however, that the connections between demand and output and between different sorts of demand are by no means so simple or uni-directional as has so far been suggested. Account needs to be taken, in particular, of the influence of government policies, since Governments actively sought to influence economic development, and of the influence of changes in the behaviour of consumers within the fairly limited field in which they are free to act. Finally further consideration is needed of the assumption made above that exports are an independent and controlling influence on the development of total output, and themselves little influenced by domestic developments. The next section, therefore, examines in more detail the influences which have operated on the four categories of demand.

3. Factors in the Development of Demand

Government Consumption

The influence of Government consumption during the period under consideration may be considered as strictly arbitrary in the sense that its expansionary direction has been in spite, rather than because, of the wishes of Governments. In most developed countries effective political pressure is always in the direction of raising rather than lowering public expenditure, so that the demands on Governments are constantly pressing at or beyond the limits of the possible as seen by Treasuries. This pressure may be checked with greater or lesser effectiveness according to the view which Governments take of the general economic and financial circumstances of the moment.[1] It so happens that in the period under consideration Governments have had constantly in mind the virtues of stabilizing or even reducing the level of Government expenditure. Hence it may justly be claimed that the fact that (except for one year in the United Kingdom) Government consumption has nevertheless grown continuously is, from the economic standpoint, accidental and uncaused.[2] That, in Sweden and in the United Kingdom in particular, the expansion has been in types of expenditure which, in the light of the earlier analysis, may be regarded as the most fertile in engendering production—i.e. in expenditure falling on commodity-producing industry—may be regarded as, in the same sense, accidental, springing from the fact that rearmament was a major cause of the growth of expenditure.

---

[1] Views taken from a standpoint which will vary, from country to country and from time to time, over the whole range between “ sound finance ” at one extreme and “ the new economics ” at the other.

[2] It is scarcely necessary to add that this statement conveys no implications as to political causes.

Personal Consumption

In the analysis of Section 2 the familiar assumption has been made that personal expenditure varies rather systematically with total output and may, therefore, on a broad view, be left out of account as an independent influence on the process of economic growth. It may be seen from Table 15, however, that the rate of increase in the volume of personal consumption was, in all countries save western Germany, smaller than that of national output and, indeed, that in the extreme case of the Netherlands, personal consumption was actually lower in 1952 than in 1948. It may well be that this relative stability in personal consumption was a necessary condition, especially in the earlier years considered, for the rectification of the unbalanced external positions with which all four countries began this period. The problem, nevertheless, remains of how this stability was preserved, given in particular the heavy wage pressure which, in almost every year, forced up incomes faster than output.

Table 15

CHANGES IN THE VOLUME OF GROSS NATIONAL PRODUCT AND PERSONAL CONSUMPTION

Index numbers—1948 = 100 [a]

	1949	1950	1951	1952
Western Germany				
Gross national product .	100	113.7	126.8	134.7
Personal consumption .	100	114.3	123.9	133.2
Netherlands				
Gross national product .	108.6	115.1	118.3	120.5
Personal consumption .	101.4	101.6	98.4	99.0
Sweden				
Gross national product .	106.3	112.1	113.7	114.8
Personal consumption .	100.9	107.1	105.3	107.8
United Kingdom				
Gross national product .	104.5	108.9	111.4	109.8
Personal consumption .	101.8	104.0	103.3	102.3

Sources : See Appendix B.
a Western Germany, 1949 = 100.

It will be seen from Table 16 that one explanation lies in an undramatic but fairly systematic fall in the share, in national income, of personal income before tax. In the Netherlands, the trend appears to have been in the opposite direction until 1950, but in Sweden and the United Kingdom the shrinkage was uninterrupted.[1] This movement reflects, in turn, the influence of two factors, one special to the period considered, the other perhaps more permanent. The first is the tendency for certain forms of income to lag behind during periods of generalized income inflation such as that considered. This is particularly true of public transfer payments, rentier incomes and the incomes of the least well organized or least militant groups of employees.[2] The second is the tendency for dividend payments by corporate enterprise not to keep step with the growth of total profits, so that an increasing proportion is put to reserve when profits are growing. During most of the period under examination, this tendency was strengthened by government action (aimed ultimately at lessening wage pressure) to enforce or encourage dividend restraint. Past experience suggests, however, that, even in the absence of such political action, corporate enterprises are conservative in distributing profits, so that this restraining influence on the growth of personal income may well be generally characteristic of periods of economic expansion.

Table 16

RATIO OF PERSONAL INCOME TO GROSS NATIONAL PRODUCT

Percentages

	1948	1949	1950	1951	1952
Netherlands . .	89.8	90.3	90.6	90.4	88.1
Sweden	89.2	88.8	87.1	84.1	. .
United Kingdom	96.5	95.0	94.0	92.5	92.0

Sources : See Appendix B.
NOTE. — Expenditure on repair and maintenance was deducted from the Swedish gross national product before the ratio was struck.

It might be expected that the considerably greater increase in import than in domestic factor prices during this period (Table 17) would have resulted in the prices of consumer goods and services also rising faster than domestic factor costs, so depressing the share of personal consumption in national output. In fact, it will be seen from Table 17 that, in general, this was not the case. Only in the Netherlands did consumption prices rise significantly more than domestic factor costs and, as is explained below, this disparity was

---

[1] Statistics of personal income before tax are not available for western Germany.

[2] The relative decline in the incomes of salaried workers is too well known to require any elaboration.

Table 17

CHANGES IN IMPORT PRICES, DOMESTIC FACTOR COSTS AND CONSUMPTION PRICES

Index numbers—1948 = 100 [a]

	1949	1950	1951	1952
Western Germany				
Import prices	100	103.7	124.9	117.8
Domestic factor costs .	100	97.0	106.5	110.9
Consumption prices . .	100	96.7	101.9	102.1
Netherlands				
Import prices	95.9	108.2	131.0	132.4
Domestic factor costs .	102.6	107.6	117.5	117.6
Consumption prices . .	105.4	115.0	127.7	126.3
Sweden				
Import prices	100.3	113.1	142.5	150.0
Domestic factor costs .	99.0	100.6	124.1	134.2
Consumption prices . .	100.4	102.0	117.5	125.2
United Kingdom				
Import prices	102.0	117.8	148.8	143.8
Domestic factor costs .	103.0	103.8	111.4	121.7
Consumption prices . .	103.0	106.0	115.0	122.0

Sources : See Appendix B.

NOTE. — It should be noted that the price index of imports represents the ratio of imports of goods and services at current prices and constant prices. It differs, therefore, from the normal price index for merchandise imports given in trade statistics.

[a] Western Germany, 1949 = 100.

largely the result of increases in net indirect taxes.[1] Either the main brunt of the rise in import prices was borne by other forms of expenditure or other factors were at work to offset its effects.[2]

In view of the efforts which Governments were making during most of this period to restrain or reverse the growth of personal expenditure, it might also be expected that an important explanation of the fall in the share of personal consumption in the national product would be found in the influence of fiscal policy. This influence appears, however, to have been extremely modest. It will be seen from Table 18 that in none of the three countries for which data are available did increases in direct taxation have any significant effect on personal purchasing power and, indeed, that in the Netherlands the burden of direct taxation was lower in 1951 and 1952 than in 1948. Comparable data on indirect taxation are not available, except for the United Kingdom, where its ratio to personal income remained stable in all years. Some light can be thrown on the position in the Netherlands and Sweden by taking the movements of net indirect taxes in total as a rough guide to changes in those falling on personal expenditure. It then appears that in Sweden there was at least no increase in the burden over the period, and possibly a slight fall. In the Netherlands, there was a steady increase between 1948 and 1951. This, however, appears to have been only a little more than sufficient to compensate for the easing of the burden of direct taxation and, on balance, in no year can the share of personal income taken by taxation have exceeded that of 1948 by more than two percentage points.

Table 18

PERCENTAGE OF PERSONAL INCOME TAKEN BY DIRECT TAXATION

	1948	1949	1950	1951	1952
Netherlands . .	16.0	13.2	11.0	11.9	14.0
Sweden	14.6	14.5	13.3	16.3	..
United Kingdom	13.5	14.3	14.0	14.2	13.0

Sources : See Appendix B.

This generally modest role of fiscal policy may well be thought to have been inevitable in the light of the level of taxation ruling at the beginning of the period.

A more important reason for the lag in personal consumption is to be found in the movement of personal saving. The data in Table 19 suggest, indeed, that in this factor lies the major explanation of the most striking fall in the share of personal consumption —that in the Netherlands. It will be noticed, however, that the big increases in the savings ratio occurred in the years up to 1950. This suggests that they reflected the last effects of the wartime legacy of liquidity and shortages; that is, that in 1948 and to some extent in 1949, many people were still using the savings accumulated during earlier years of shortage to make good their material deficiencies as goods became available. If this be true, the more modest changes in the rate of personal saving shown for Sweden and the United Kingdom and for the Netherlands in

---

[1] To illustrate the argument in the text, the figures for consumer prices should be, strictly speaking, of the movement of factor costs. In fact, such figures are available only for the United Kingdom. As stated below, however, only in the Netherlands did changes in net indirect taxes exercise a significant influence on the course of consumer prices.

[2] During a period of generalized cost inflation it may be expected that there will be increases in the relative prices of labour-intensive products.

Table 19

PERSONAL DISPOSABLE INCOME AND PERSONAL EXPENDITURE AT CONSTANT PRICES

Index numbers—1948 = 100 [a]

	1949	1950	1951	1952
Western Germany				
Personal income . . .	100	118.0	137.0	149.0
Personal expenditure . .	100	114.3	123.9	133.2
Netherlands				
Personal income . . .	107.3	112.0	108.8	109.1
Personal expenditure . .	101.4	101.6	98.4	99.0
Sweden				
Personal income . . .	103.3	108.7	107.6	110.8
Personal expenditure .	100.9	107.1	105.3	107.8
United Kingdom				
Personal income . . .	101.9	104.0	104.0	105.9
Personal expenditure . .	101.8	104.0	103.3	102.3

Sources: See Appendix B.

[a] Western Germany, 1949 = 100.

recent years [1] are perhaps a truer guide to the influence which the factor may exert in the future.[2]

In the light of the foregoing examination, it may be concluded that the experience of the period considered gives no reason to modify the customary assumption as to the fairly close link between personal expenditure and national output. It has been shown that the fall in the share of personal consumption which occurred is explicable largely in terms of features special to the period or at least to periods of cost inflation.

Of the influences considered, only the tendency for dividend payments to lag behind total profits is perhaps likely to be a continuing feature of an expanding but non-inflationary economy.

Fixed Capital Formation [3]

It has been shown that, except in western Germany,[4] variations in fixed investment do not provide a major explanation of changes in output during the period considered. It has also been suggested that total fixed investment may be considered as made up of two parts; the one, whose movements are not related in any direct way to the immediate course of total output; the other, which is sensitive to changes in output although in a fashion which makes only the direction and not the magnitude of change predictable. If the latter type is identified, broadly, with investment in commodity-producing industry, it may be shown to account in recent years for some 40 to 50 per cent, according to country, of total fixed investment.[5] In turn, since investment absorbs one-quarter to one-third of the output of commodity-producing industry, something in the neighbourhood of one-sixth of the output of that group may be regarded as indirectly dependent on variations in other categories of demand. Unfortunately, it is not yet possible to verify from recent experience this suggested peculiar sensitivity of investment in commodity-producing industry. Detailed statistics of investment are available at best only up to 1952, the year in which evidence could first begin to appear. The proposition must remain, therefore, an unproven hypothesis,[6] albeit one in which common sense and experience give considerable ground for belief.

This is not to say that this part of investment is quite unsusceptible to government influence, although it may be supposed that such influence is more likely to be successful in restraining than in stimulating expenditure. Throughout the period under consideration, Governments have, in fact, sought to influence, and generally to restrain, investment in total. It is scarcely surprising that their success in restraining expenditure has been greater in that sector of invest-

---

[1] It should be remembered, however, that all figures for personal saving are suspect and the more recent the more suspect.

[2] It should also be noted that changes in the pattern of consumer spending between goods and services making a light call on domestic industrial output and those making a heavy call have also exercised a significant influence, as is shown by the following data for the United Kingdom.

Personal Expenditure on Consumption in the United Kingdom

(Index numbers 1948 = 100)

	1949	*1950*	*1951*	*1952*
Expenditure at constant market prices	101.8	104.0	103.3	102.3
Expenditure at constant " industry cost " [a] . . .	103.5	107.1	104.7	102.7

[a] Individual expenditure series weighted according to their share in the net output of commodity producing industry in 1948.

[3] As already indicated, changes in the rate of investment in stocks and work in progress are best considered as a random and short-term influence in the economic process. If the investment is voluntary it depends primarily on expectations about price movements. Where it is involuntary, it represents the resultant of changes in production and other demands and is not itself a causal factor.

[4] In Sweden, also, changes in investment have been a rather more important factor than is suggested by Chart 7, from which the net output of the building industry is excluded.

[5] See *Economic Survey of Europe since the War*, page 61, Table 26.

[6] It may be thought significant, nevertheless, that investment in plant and machinery in manufacturing industry declined in the United Kingdom in 1952 for the first time since the war and, given the large share of engineering products taken by commodity-producing industry, that the volume of outstanding orders in the engineering industry was declining steeply during 1953.

ment which is under their direct control or at least open to direct influence than in the sector discussed above.[1] Apart from such direct control, the instruments of policy have been similar in both sectors; namely, licensing of building work, fiscal and monetary policy. Since much the greater part of investment expenditure in commodity-producing industry is on engineering products, building licensing has naturally been a blunter weapon in this than in other fields. In the sphere of taxation, the tendency, common to all four countries, to discriminate against dividend distributions can scarcely have avoided providing at least some additional incentive to investment. Whether the more sophisticated schemes [2] for varying the attractiveness of investment to private business had the results which their authors intended is more open to question.

It may equally be doubted whether monetary policy has played the leading rôle for which so many commentators have cast it, at least so far as concerns any direct influence on the level of fixed investment. In the three countries for which figures are available there has been no downward trend in the supply of capital available to private business and it is reasonable to infer that the picture would be similar were figures available for commodity-producing industry alone.[3] Nor is it generally believed that changes in the cost of borrowing have a decisive influence on investment decisions in most industries. Whether the psychological effects of changes in monetary policy have been greater than these visible symptoms is a question which cannot be answered from quantitative data.[4]

After this more detailed consideration, it may still be maintained that, during the period considered and so long as the institutional framework then existing is maintained, one part of investment expenditure is somewhat insulated from the direct influence of changes in economic conditions and considerably affected by government policies. The other sector, here broadly identified with commodity-producing industry, has probably been little affected by the means of government action so far employed. Insufficient data are as yet available to determine the factors by which it is governed, although it is reasonable to infer that it is strongly influenced by the course of demand and output in commodity-producing industry.

Exports

The thesis that the demand for exports can be considered as an independent factor, greatly influencing the domestic economy but largely unaffected by it, may be qualified in two ways. On the one hand, a country's exports are influenced by its competitive position which, given an appropriate exchange rate, is affected in turn by the level of domestic demand. On the other hand, the volume of exports is undoubtedly influenced in some measure, depending partly on the size of the country and on the conditions under which its trade is conducted, by its own imports.

The first qualification no doubt carries considerable weight at extreme levels of domestic demand, but it is of questionable relevance to the actual circumstances of recent years. It has already been suggested that the course of events during this period is explicable only on the assumptions, either that domestic demand was considerably less pressing than has frequently been suggested, or that export demand proved to be a much better competitor for limited resources than is usually believed. The former supposition implies that export demand was a largely independent influence during the period; on the latter supposition, it would normally remain so.[5]

It is true, of course, that competition between exports and domestic demand for highly specific resources is concealed by the aggregative terms in which the analysis has been conducted. The demands of the rearmament programme on the engineering industry are usually believed to have been a significant limitation on British exports during 1951 and the early part of 1952. This factor, however, can scarcely explain the continued stagnation in British exports during 1953.

Exports may also be influenced by the effects of domestic developments on prices. Part of the explanation of the differing export performances of Sweden and the United Kingdom, on the one hand, and of western Germany and the Netherlands, on the other, may well lie in the greater success of the latter two countries in limiting domestic cost inflation. The experience of the post-war period, however, gives little reason to suppose that, except at extreme limits, the connection between wage movements and the state of domestic demand is at all close and direct.

---

[1] See *Economic Survey of Europe for 1951*, page 48.

[2] As, for instance, the variations in initial tax-free allowances on investment in plant and machinery in the United Kingdom and the varying taxes on capital expenditure in Sweden.

[3] For further data on this subject see *Economic Bulletin for Europe*, Vol. 5, No. 1, pages 19–21.

[4] The argument is concerned with fixed investment only. It is not denied that changes in monetary policy may have had a considerable influence on investment in stocks. Nor is the influence of changes in interest rates on house-building to be dismissed. During this period, however, house-building has, in general, been protected by one means or another against increases in the cost of borrowing.

[5] The pressure of home demand may, of course, be compensated, though with possible adverse effects on the geographic or commodity structure of a country's exports, if inflationary conditions prevail in some of its important markets (as was probably true part of the time with respect to some sterling area markets of the United Kingdom) or if foreign demand for certain of its exports is exceptionally strong (as seems to have been true of Swedish wood and paper products during the earlier part of the period).

The idea that export performance is directly correlated with the level of home demand seems to stem in part from the somewhat limited assumption that the motive force of business behaviour is the manufacturer's desire to ensure full employment for his present capacity. It is equally plausible to assume that manufacturers are anxious to expand their business and will, therefore, actively seek new markets even when their immediate capacity is fully employed.

As to the second qualification, there is considerable force in the argument that, for a large country at least, the demand for its exports is considerably influenced by the behaviour of its imports. For example, the course of British exports during the last two years must have been significantly affected by the policy of making sterling " hard ". Moreover, the purchases of so large a country as the United Kingdom must be an important determinant of the level of commodity prices and of incomes in primary producing countries and so affect their demand as well as their foreign exchange position.

Over the greater part of the period the course of imports in the four countries under examination was, however, heavily influenced by Government controls, thus weakening the link, via imports, between domestic demand and exports. The connection is further weakened by capital movements and short-term credits in one form or another, which have played an extremely important role in the international accounts, not only of the United Kingdom, but also of western Germany. Finally, there is clearly the possibility, present at any time but probably particularly strong in the period considered, that part of the amount of its currency which a country makes available to others will return in the form of demand not for its exports, but, ultimately, on its reserves of gold or internationally acceptable currencies.

While there is evidently force in both of the qualifications considered, it is clear that the relationship between domestic demand and exports is by no means simple and direct. The precise degree of independence which should be attributed to exports and also the ultimate explanation of the differing export performances of the countries considered are matters which cannot be determined by the aggregative approach here employed. Detailed analysis of trade data and the exploration of very distant realms of causation would be necessary to provide definitive answers.

4. CONCLUSIONS

It has been suggested in this chapter that the leading explanation of the variation of production in the four countries studied is to be found, not in conscious Government policies, but in the changing course of exports and the economically arbitrary development of Government consumption. The growth of production in Sweden and the United Kingdom was halted by the end of the export boom and since then Government consumption has been the main expansive element. In the Netherlands and western Germany exports have continued to rise and output with them, powerfully assisted in the latter case by the great demands of reconstruction. The probability that export demand in Sweden and the United Kingdom will, without special stimulus, recover its former power seems somewhat remote, and the rate of increase of exports from western Germany and the Netherlands has been falling during 1953. It is, perhaps, more certain that armament expenditure will at some stage begin to decline. Under such circumstances it may well be feared that those parts of investment which are most sensitive to changes in industrial activity will also decline.[1]

The question arises, therefore, whether the analysis of this chapter implies any lessons as to the policies which should be followed to restore or maintain a substantial rate of increase in national output.[2]

A basic limitation on the applicability of the analysis arises from the fact that it has been solely concerned with demand, and conducted in aggregative terms, an implicit assumption being that productive resources are freely transferable from one use to another. Alternatively stated, the underlying assumption has been that the different types of expenditure are independent of each other, in the sense that an increase in one category will not produce a decrease in another because of specific limitations on supply. This assumption is evidently true only within limits, particularly in the short run. For this reason, as also because of the differing circumstances of different countries, no detailed or highly specific lines of action can be deduced. Certain broad conclusions are, nevertheless, suggested.

---

[1] The possibility of a fall in investment in commodity-producing industry cannot be excluded even in western Germany, although basic industries were until 1952 somewhat starved of investment and there must be a considerable backlog. It has, however, to be remembered that if rearmament is undertaken in Germany this will result in a switch in the composition of Government expenditure, in effect from buying services for the occupation forces to buying the products of commodity-producing industry.

[2] It is not, of course, suggested that acute recessions are imminent. Factors, particularly those operating on personal consumption, which help to check the rate of growth of total demand as output expands would help to prevent demand from shrinking if output began to contract. Moreover, there are many uncertainties about the behaviour of exports and investment. Present difficulties, however, and the crucial role of Government consumption inevitably give cause for concern.

The first is that to stimulate output through lowering taxes on personal income or consumption is, from the standpoint of the effects produced, a relatively " expensive " method. It has been seen that, in each of the four countries, a much greater part of any increase in expenditure will be absorbed by indirect taxes, imports or higher profits in service industries if the increase is in personal expenditure than if it is in, say, investment or exports. Hence, any given reduction in a budget surplus (or increase in a budget deficit) will give a smaller stimulus to output if it reflects cuts in revenue than if it is the outcome of increases in expenditure. The fact that part of the increase in personal expenditure resulting from a cut in taxation will return to the Government in the form of higher indirect taxes is, of course, one for which allowance can be made. There is no reason, in principle, why cuts in taxation should be allowed, in the event, to be smaller than Governments intended, although the inevitable uncertainties about the amount by which indirect tax revenue will increase with higher personal spending are likely to impart some conservative bias to fiscal policy. Nor, as can be seen from Chart 5, are differences in the import content of the various types of expenditure in general sufficiently great to be decisive for the choice of policy. The big difference between personal and other forms of expenditure lies in the extent to which the former is concentrated on the products of service industries and in the tendency of these industries to absorb output-generating expenditure and so check reflationary impulses.

As a concrete application of the doctrine advanced above, it may be suggested that if, when defence expenditures come to be reduced, Governments decide to reap the fruits primarily through cuts in taxation, these cuts will need to be greater than the fall in expenditure if output is not to be depressed.[1]

Other advantages from lowering taxation may be held to be sufficiently great to warrant what, from the traditional viewpoint of the government accountant, is the more expensive approach.[2] The possibility for the individual to retain a greater share of the fruits of greater effort or efficiency may have significant effects in improving productivity, stimulating an energetic search for new business, particularly export business, and in promoting private investment. Some degree of conflict exists, however, between these dual objectives for fiscal policy. For the purpose of stimulating demand, cuts in indirect taxation are the more effective method, since all consumers will benefit from them, but will give few of the stimuli to efficiency which are sought. Cuts in direct taxation are favoured for their incentive effects, but inevitably benefit disproportionately those in higher income groups, whose rate of saving is likely to be higher than the average.[3]

If it is decided that the balance of advantage lies in concentrating primarily on promoting economic expansion through public spending, the corollary is the need for preparation now of programmes either of public [4] investment or of overseas lending, which may need to be considerably more extensive than has usually been envisaged.

In present circumstances, however, the greater likelihood may well be that Governments will hesitate to undertake really expansive policies of any kind because of two fears, those of inflation and of balance of payments difficulties.

As for the first fear, the whole trend of this analysis suggests that inflation in the sense of " excess demand " from consumers is unlikely to follow from any moderate expansive action and, indeed, that anxiety on this score may have been somewhat exaggerated in the past. Renewal of inflation in the sense of a too rapidly rising level of incomes and factor costs, on the other hand, is undoubtedly a danger. It may properly be argued that the great upsurge of import prices following the outbreak of the Korean war was an abnormal development unlikely to be repeated and that its disturbing effects on incomes have left rather exaggerated fears in this respect also.[5] Total elimination of wage pressure is improbable, and would, in fact, be undesirable, except on the questionable assumption that businesses regularly and systematically reduce their selling prices as productivity rises. Nevertheless, the task of keeping that pressure within bounds remains to-day, as it has been throughout the post-war period, the greatest unresolved problem of full employment policy.

---

[1] It will be noted that the argument here advanced is more broadly based than the familiar proposition that any increase in taxation results in a smaller fall in expenditure because part is met at the expense of saving. Both arguments, however, apply symmetrically to increases and decreases in taxation.

[2] From the viewpoint of the national accountant it is an expensive policy in the sense that it is likely to result in greater profits in the service industries and less stimulus to total production.

[3] The limiting case is cuts in taxation on corporate profits which may have no effect at all on the level of personal income.

[4] In the sense used earlier of investment over which governments exercise some direct influence.

[5] It must be recognized that the wage-inflation which occurred was quite out of proportion to the direct effects of increased import prices on the average level of living costs. In the United Kingdom, for example, the rise in import prices was to some extent simply the final shock which broke a barrier of wage

As for the external problem—which becomes the more important as import controls are dismantled—the means to a solution are only very partially within the control of individual countries, and a necessary condition for sustained expansion within Europe is action in a wider context than has been analysed here.

---

restraint already creaking after two years' pressure. Nevertheless, the extent to which the effects of higher import prices were concentrated on a limited range of commodities undoubtedly made their influence on trade union psychology considerably greater than would be suggested by average figures alone.

PART II

THE SOVIET UNION AND EASTERN EUROPE

Chapter 3

THE SOVIET UNION IN 1953

I. Introduction

The main emphasis of the Soviet Government's statements on economic affairs during the past year has been on the need for, and possibility of, a faster increase in standards of living than was envisaged when the Fifth Five-year Plan was drawn up.

On the one hand, the basic industrial structure is held to be now so developed that decisions to expand consumer goods output can safely be taken without any risk that they will limit the possibilities of future industrial growth. On the other hand, agricultural output is recognized to have lagged unnecessarily behind the needs of an increasing and increasingly urbanized population, and major reforms, including an increased appeal to the self-interest of farmers, have been announced. The new decisions are officially regarded as more important than the routine modifications to which every Five-year Plan has been subject at some stage in its course, and are said to mark " a new stage in the development of the Soviet economy ".[1]

The new measures in both industry and agriculture came too late in the year to allow any great increase in 1953 itself in the production of consumer goods over and above what was already planned to be achieved. Consumers' purchasing power, however, was increased by more than usual in 1953—perhaps by one-sixth—as a result mainly of price cuts on a bigger scale than in most years and of reduction in the taxation of farmers. This increase was reflected in rises in retail turnover (measured at constant prices) of 15 per cent in the first half of the year compared with the corresponding half of 1952.[2] During the later months, extra supplies of imported goods and goods taken from stock were put on the market, and the good harvest permitted some increase in food consumption.

The new targets published for the production of particular consumer goods in 1954 and 1955 call for ambitious increases over the original planned outputs in the case of metal goods, but considerably less

Table 20

OUTPUT OF SOVIET INDUSTRY AND CERTAIN PRODUCER GOODS

	Unit	1950 Actual	1952 Actual	1953 Plan [a]	1955 Plan
Coal and lignite	Millions of tons	260	300.7	320	372
Crude petroleum	Millions of tons	37.8	47.4	52	70
Electric power	Billion kWh	90.3	116.4	133	162.5
Crude steel	Millions of tons	27.3	34.5	38	44.2
Cement	Millions of tons	10.3	14.1	16	22.7
Engineering	Index numbers—1950=100	100	140	165	200
Chemicals	Index numbers—1950=100	100	..	167	200 [b]
Gross industrial output	Index numbers—1950=100	100	131	144.5	170
of which : producer goods	Index numbers—1950=100	100	131	146	180
consumer goods	Index numbers—1950=100	100	130	140	165

Sources : Table 17, *Economic Survey of Europe since the War ; Izvestia,* 7 November 1953, 9 August, 7 November 1953; *Kommunist,* No. 3, 1953, page 16, *Pravda,* 29 December 1953 and 1 January 1954.

Note. — 1955 Plan refers to original targets of Fifth Five-year Plan.
[a] Targets attained by end of year.
[b] Approximate.

---

[1] Speech by the Chairman of the Presidium of the Supreme Soviet, Marshal K. E. Voroshilov, on the 36th anniversary of the October Revolution. *Izvestia,* 7 November 1953.

[2] Total national consumption (which, in addition, includes services, farm consumption and direct sales to the consumer) increases, of course, at a slower rate than retail turnover.

in the case of the items of mass consumption whose raw materials stem mainly from agriculture. The closer attention now being paid to agriculture—and the extra investment announced—should, however, make the attainment of some of the already ambitious agricultural goals more likely than it seemed formerly. There is therefore reason to expect a significant rise in Soviet consumption over the next few years.

The size of the increase must vary with the progress achieved in agriculture : bigger supplies of animal products would improve the national diet directly, bigger exports of grain could pay for increased imports of consumer goods ; bigger output of textile materials would permit existing industrial capacity to be more fully utilized. Agriculture thus remains the key-point of interest for the Soviet consumer.

But the extent to which the Soviet Government is now prepared to improve the standard of living also depends on the extent to which it is prepared to sacrifice part of the increase previously intended in the non-consumption sector (i.e., the sum of investment goods and armaments production.) On this there is as yet no information. No revised plan for the whole economy has been published; the figures in Table 20 represent targets (other than those on specific consumer goods) published in August and reported attained by the end of the year. Even information on current production has been scantier in 1953 than in recent years : all that is known is that gross industrial production as a whole is likely to have been about 11 per cent greater than in 1952.[1]

It is tolerably certain that the Soviet Union is now, and indeed has been for several years, in a position to increase consumption faster than has been usual, while at the same time continuing to increase its industrial capacity and defence stockpiles at a rate approaching that of the recent past.[2] But the key question raised above cannot yet be answered.

The remainder of this chapter has had, perforce, to be restricted to a closer examination of those parts of the economy—consumption and agriculture—on which Soviet comments have provided the most information.

---

[1] Speech of Marshal Voroshilov, *loc. cit.* This statement was virtually the only reference to actual output in 1953, other references being to revised plan targets for the year : since these were published principally during the last four months of 1953, they are in part targets, in part provisional estimates of actual production. Subject to revision when actual data are published, these other figures have been used in the following analysis as the best available approximation to 1953 results.

[2] See the remarks on this subject in the *Economic Survey of Europe in 1951*, page 146, and in the *Economic Survey of Europe since the War*, page 50.

2. Changes in Policy towards the Consumer

It is beyond doubt that it is intended in the coming year to step up the rate of increase in consumer goods production beyond both the rates known hitherto and the rates contemplated when the current Five-year Plan was drawn up. Not only is it possible—thanks to the new statistics and targets recently published—to find clear evidence of the quickening of progress intended, but it is clear from ministerial speeches and official decrees that a greater effort is now to be made to raise the standards of plan fulfilment above the levels which have tended to rule hitherto in the consumption sector of the economy. Further, it is evident from the very strong statements made by the Minister of Domestic Trade, Mr. Mikoyan, that Soviet trading organizations, as well as the managements of factories supplying consumers and consumer goods industries, are expected to take an attitude to their customers quite different from the frequently rather complacent one natural to an era of scarcity such as prevailed in the past.

The Higher Priority to be given to Consumption

It may well be that the most valuable sign of change to the Soviet consumer is not so much the upward revisions in formal plans as the evidence that a firmer attitude to plan fulfilment in the consumption sector is now to be taken than before. Several recent decrees have referred, in harsh terms, to the disabilities that consumer goods industries have suffered from in the past, when the main emphasis was on the fulfilment or " over-fulfilment " of plans for the producer goods and defence sector. The food-processing industry is said to have suffered from its failure to receive building technicians for its construction sites : very few of those employed had in fact completed their courses at technical institutes.[3] The Ministry of the Timber and Paper Industry is admitted to have allotted only the lowest qualities of structural timber for sale to collective farms, and farms are said to have been unable to obtain adequate supplies of other building materials.[4] Vegetable shipments are said to have received lowest priority for rail transport (even early vegetables were sent by slow goods trains) and vegetable cultivation to have been hampered by unrestricted industrial pollution of rivers.[5]

Electricity cuts were made in light industrial enterprises more frequently than in heavy industry,[6] and plans for the supply of investment goods to these industries were constantly under-fulfilled.[1]

---

[3] Food Industry Decree, *Izvestia*, 30 October 1953.

[4] Livestock Decree, *Izvestia*, 26 September 1953.

[5] Vegetable Decree, *Izvestia*, 29 September 1953.

[6] Industrial Consumer Goods Decree, *Izvestia*, 28 October 1953.

These examples were, of course, publicized in order to make it clear to those concerned that they must no longer accept the old system of priorities. Thus, in the Decree on the Food Industry,[2] one can read the following instructions :

> " (*a*) The State Planning Committee to make provision in the draft plans . . . in 1954 and 1955 for fully covering the approved volume of food production with raw materials, semi-manufactures, fuel and electric power; for supplying the foodstuffs industry with funds, equipment and building materials in accordance with the plans for developing the production capacities of the food industry.
>
> " (*b*) All Ministries, organizations and the Councils of Ministers of the Republics, when distributing stocks of raw materials and other supplies to individual enterprises, to give priority to foodstuffs enterprises.
>
> " (*c*) The Supply Ministries to ensure priority for, and unconditional fulfilment of, the plans for supplying raw materials, semi-manufactures and equipment to foodstuffs enterprises, irrespective of how the plan is being fulfilled as regards supplies to other consumers."

In another article of this decree, the Ministry of Power Stations and the Electrical Industry and others are instructed " to keep these enterprises supplied with electric power without interruption, permitting no suspension or restriction of the power supply if this is within the limits laid down ".

The Campaign to Raise Efficiency in Consumer Goods Production

Similarly, numerous examples of the degree of inefficiency sometimes tolerated until now in consumer goods industries but not to be borne in future have been singled out for comment in the Press. Poor workmanship in the construction of plants has been exposed[3]; the proportion of sub-standard articles (*brak*) produced by light industry is said to have been inordinately high. Complaints against *brak* in all sectors of industry have been a feature of the Soviet Press for the past twenty years, but only sporadic attempts have been made to eliminate it from light industry. Moreover, whereas in the past such attempts have largely been restricted to publicity campaigns built up around particularly efficient individuals[4] whose achievements others were invited to emulate, recently such " shock tactics " by themselves have been frowned on,[5] as by-passing the real problems and there has been a greater willingness to seek the root causes of the trouble. These have sometimes been found to be anomalies in wage systems which inattention in a highly centralized administration has permitted to drag on unreformed. Thus, numerous instances have recently been reported in which piece rates were being applied in a way which involved injustice[6] and resulted in inefficiency.[7]

There has recently, too, been much criticism of managers in the light industries for complying with the technical requirements of plan fulfilment by the tempting device of over-producing low-cost or highly priced items at the expense of other goods. Criticism of this kind is by no means a new thing; formerly, however, if one can judge by the frequency of comment in the Press, it was mainly directed against the heavy industries. In considering these criticisms it should be remembered that it has always been Soviet practice to emphasize abuses in particular sectors of the economy when reform was in the air. The examples quoted cannot be regarded as typical of methods in the light industries; their interest, to the Soviet consumer as well as to outside observers, lies in the evidence they provide that new brooms are now at work in this neglected sector of the economy.

The Changed Attitude to Distribution

Finally, some mention must be made of the new attitude to the consumer which is being recommended to the retail network. This was perhaps that part of the economy to which least attention had been paid in the past. Retailing has been conducted since the end of the N.E.P. period in much the same way as in war-time in western European countries : it has often been characterized by unattractive and uncivil service, recurrent shortages and queueing, lack of advertising or display, absence of variety and of good-quality products, and, in restaurants, by monotonous menus, poor cooking and slapdash waiting.

---

[1] The three quarterly plans for the engineering industry covering the period January to September 1953 allotted supplies of 160 types of machinery to light industry : no deliveries were in fact made of equipment under 51 of the heads, and deliveries were short in 56 others (*Pravda*, 15 November 1953).

[2] Food Industry Decree, Article 103, *Izvestia*, 30 October 1953.

[3] The Skorokhod factory, Leningrad, for example, is said to have taken eighteen months to install a new production line for men's shoes (*Pravda*, 15 November 1953).

[4] The most notable was the 1949 quality campaign whose hero was one Chutkikh, assistant foreman in a Moscow worsted mill.

[5] *Cf.* for example, Mr. Khrushchev's comments : " Certain comrades replace concrete and day-to-day guidance of this work . . . with sporadic drives and widespread prophetic utterances " (*Pravda*, 15 September 1953).

[6] Wages of shop assistants were paid on the basis of the degree of fulfilment of planned sales even though a failure of supplies by the wholesale organization made plan fulfilment impossible.

[7] For example, catering wages were calculated on the value of turnover; this encouraged cooks to produce costly dishes and neglect cheap dishes. From October 1953, wages are to be paid on the basis of the number of dishes served.

In machine and tractor stations the degree of plan fulfilment, and consequently wage-bills, were calculated in terms of " light ploughing units " and deep ploughing conversion factors were anomalous : operators in consequence ploughed too lightly.

Recently, a wide range of reforms has been announced. A Decree published on 23 October gave details of a re-equipment programme covering the years 1954-1956.[1] A considerable number of new shops are to be opened (40,000 new shops and 11,000 new restaurants [2]), amongst them a greater proportion of specialized shops (drapers, ironmongers, grocers, etc.), and wage reforms and other incentives are to encourage better service.[3] Aware, moreover, of the efficiency of certain trading methods in capitalist States, the Minister has been encouraging the introduction of such methods where these are appropriate.[4]

The Change in Consumption in 1953

All these changes in priorities can bring benefits to the consumers only in the next two or three years (*cf.* 1954–1956 targets given in Appendix Tables XL and XLIII). But already in 1953 the consumer has enjoyed the first fruits of this increased concern for his welfare.

It has long been the annual practice in the Soviet Union to announce a wide range of price reductions in the spring of the year. In 1953 these were on a bigger scale than had been the case since 1950 and added perhaps 12 per cent (46 billion roubles [5]) to consumers' purchasing power in State and co-operative shops or about three-quarters as much again as in 1952. They were brought about largely through reductions in rates of turnover tax, small in the case of textiles, on which tax rates remained high,[6] but considerable in the case of potatoes and vegetables.[7] Further, the subscription to the State Loan called for was reduced by more than half.[8]

Later in the year some concessions were made to farmers, which resulted in increasing their receipts from deliveries of produce to the State by about 14 billion roubles in the current year.[9] Consumers' income available for use in State and co-operative shops may have been altogether rather more than 70 billion roubles higher than in the previous year. There were some leakages from this in the form of increased local and direct taxes and farmers' investment, but consumers' expenditure in State and co-operative shops may well have been one-sixth higher than in 1952. The extra supplies needed to match this extra income in some cases came from stocks;[10] extra imports to the value of 4 billion roubles[11] were, moreover, intended, two-thirds of them from other countries in the rouble area. Mr. Mikoyan drew particular attention to fruit imports, which until recently had not been considered important enough to merit foreign exchange, though requirements were inadequately met by domestic supplies.[12]

---

[1] Comprising expansion of storage and refrigerating capacity and supply of transport, catering equipment and cash registers. Only 5 per cent of food shops and catering establishments currently have refrigerators.

[2] An increase of 12 per cent in the number of rural co-operative stores and of 10 per cent in the number of restaurants. The present number of State (urban) shops is not known.

[3] There is even to be a small start with deliveries to the home, hitherto virtually unknown in the U.S.S.R.

[4] " We must study and assimilate what we need in the organization of trade and service to the consumer from the best undertakings of bourgeois countries." Speech by Mr. Mikoyan, *Pravda*, 25 October 1953.

[5] This is the official estimate of the change in the value of the quantities expected to be sold in all types of shop in 1953 resulting from the reduction of prices from the 1952 level; that is, it is of the form ($\Sigma p_0 q_1 - \Sigma p_1 q_1$). The corresponding figure for State shops alone, assuming the same share as in total turnover, would be about 35 billion roubles; similar estimates are available for earlier years. A second official estimate is also published of the expected year-to-year change in total receipts of turnover tax, of the form ($\Sigma p_0 q_0 - \Sigma p_1 q_1$). The difference between the two, $\Sigma p_0 (q_1 - q_0)$, should provide some indication of the order of magnitude of the quantity change expected. In 1953 this difference is smaller than in previous years, for reasons which are not apparent.

	Planned increase in purchasing power spent in State shops	*Planned fall or rise (—) in turnover tax receipts*	*Difference*
	(Billions of roubles)		
1950 . . .	80	6.4	74
1951 . . .	27.5	−8.6	36
1952 . . .	23	−12.9	36
1953 . . .	35	20.1	15

[6] For details of tax rates on textiles, see *Economic Survey of Europe in 1951*, page 140.

[7] Retail prices were halved in April 1953. Mr. Khrushchev later stated (*Pravda*, 15 September 1953) that following the subsequent revision of State procurement prices, there was little margin left for raising these latter without increasing retail prices.

[8] It was, however, officially expected that savings deposits would sufficiently increase partially to offset this reduction : the State Loan was to have taken 19.6 billion roubles less than in 1952 and savings deposits were expected to increase by 6.2 billions (net decrease in Government borrowing 13.4 billion roubles).

[9] A few wage increases were also made to some State employees : wages in the leather, fur, footwear, clothing and knitwear industries were raised; tractor drivers were put on the permanent State payroll (instead of being seasonally engaged farm members); and trade union dues were reduced.

[10] Previously, it had been deliberate policy to build centrally heavy stocks of all sorts of consumer goods as an emergency reserve.

[11] It is not clear whether this amount is at retail prices or c. i. f. value. If the latter, it would represent at retail prices (turnover tax included) a significantly larger sum.

[12] A plan to satisfy the home demand for citrus fruit by 1957 was launched in 1952, but this was the only fruit accorded significant price incentives. Procurement prices for other fruit were depressed and many orchards died from lack of care or were not replaced.

The Changes in Consumer Goods Targets

Appendix Table XL shows the revised targets for the years 1954 to 1956 for a number of industrial consumer goods, side by side with recent production figures and, wherever possible, with the original targets set for the last year of the current Five-year Plan. It can be seen that in a number of cases the 1955 targets have, in effect, been brought forward a year ; that in a few instances there has been an even bigger revision of plans ; and that in general the output of consumer goods made by the engineering industries is now intended to be, by 1955, several times greater than in 1950. On the other hand, the output targets for textiles and footwear have hardly been changed since the Five-year Plan was drawn up, and the increases on present levels aimed at are far more modest. Similarly, as Appendix Table XLIII shows, the plans for increasing the output of the food-processing industries—which cover, it must be remembered, only a part, and by no means a constant part, of total food production—have in the case of most goods not been greatly revised.

It is not difficult to see why the increases in supplies of consumer goods should be concentrated in the engineering industries : these are the industries whose raw materials are mainly produced within the industrial sector itself. An increase in the output of durable consumer goods can thus be achieved at the cost, at most, of some switch of resources within the same group of industries.

It is indeed by no means certain that any appreciable transfer of resources will be needed to achieve the new targets. The share of consumer goods in the total output of these industries is not known, but, judging by the very small output figures shown even for recent years, it is evidently rather small.[1] In these circumstances it should be possible—and indeed has for several years been possible—to achieve big proportionate increases in the output of pots and pans, refrigerators, radios and the like without impinging greatly even on the extra resources originally pre-empted for the manufacture of capital goods. The Soviet Union undoubtedly has the capacity to expand its production of such goods very fast while still devoting an increasing amount of resources to other uses (viz., investment and defence). It may be roughly estimated that the increases in supplies of durable consumer goods planned for 1955 may involve the use of one-and-a-half million tons in crude steel equivalent above that used in 1950; and crude steel production in the meantime is to rise by 17 million tons.

Outside the engineering field, however, the problem of expansion is more difficult. For the main items of mass consumption—foodstuffs and clothing—there are no such possibilities of achieving rapid increases by relative shifts from other sectors in the allocation of resources, and the rate of progress is closely tied to the rate of improvement that can be achieved in agriculture. The extent of upward revision in the 1955 targets for cotton and woollen fabrics, ready-made clothing, and leather shoes is small, and the targets themselves, though substantially above current or recent production levels, are modest in absolute amount, and by comparison with the plan for 1942, drawn up before the last war. Similarly, in foodstuffs, the revision of the 1955 targets is relatively small —about 8 per cent for the gross output of the foodstuffs industry. Both this revision and the substantial increase shown over recent and current levels are, however, difficult to appraise because of the progressively larger share of the total food supply which passes through the hands of the State or co-operative stores rather than direct from producer to consumer. The data given in Table XLII on total production of meat,[2] sugar-beet, potatoes and other vegetables suggest that the new plans are not much greater than those which had been set for 1942 when account is taken of the great increase in population in the meantime.

Total supplies of textiles and foodstuffs may, of course, be supplemented by imports,[3] and consumer goods have indeed figured prominently in various Soviet trade agreements concluded in recent months. Comparison with domestic production of the magnitudes involved suggests, however, that imports are scarcely likely to make an appreciable difference in average consumption levels for the country as a whole.[4]

Little can be said, as yet, on changes affecting the consumer in the construction industry. The re-building and construction of light industry enterprises and the better provision of houses for workers in those industries[5] will require a certain—but not a very sizeable—increase in resources beyond those originally allotted in the remaining years of the present Five-year Plan. Nothing has been published on domestic building as a whole during 1953 or on the plans for the next two or three years. Work has continued on the major hydroelectric construction projects (with the apparent exception of the Turkmen Canal, upon which nothing was published in the second half of the year) and has started, as planned, on a new station at Bukhtarma. Broadly, therefore, there has been little indication of any re-allocation of construction effort which would directly affect consumers.

---

[1] It must be remembered that the share of consumer goods in the total of industrial production is currently only 30 per cent; in the metal-using industries it must, of course, be far smaller.

[2] Cattle and pig numbers are even much lower, in absolute amount and disregarding increases in population, than the 1942 goals. This is reflected also in low shoe production.

[3] A substantial volume of gold sales was made by the Soviet Union in the latter months of 1953.

[4] Imports of consumer goods were at most 1 to 1½ per cent of total supplies provided through Government agencies in 1953.

[5] The same applies to machine and tractor stations, whose premises and living-quarters are to be improved.

In conclusion, the changes announced so far indicate that the consumer is to receive a greater quantity and variety of merchandise than hitherto through the provision of increasing quantities of durable goods produced by the engineering and other metal-using industries, and that there is, in fact, still a large margin for further increases in such goods without infringing significantly on the expansion of output of capital goods. In the more staple items of consumption, however, the new concessions which could be granted to the consumer are much more limited and the achievement of targets—modest as they are—for the foodstuffs, textiles and footwear industries is closely dependent on the Soviet Union's success in meeting the difficult problems in agriculture.

3. Agriculture

At the beginning of the current Five-year Plan, production of wheat, cotton and certain industrial crops was substantially above pre-war production, but Soviet agriculture in general had just about recovered the ground lost during the war[1] (*cf.* Appendix Tables XLI and XLII). The tasks set for accomplishment in the subsequent five years can be summarized as follows : the output of grain was to be increased over the period 1951 to 1955 by between 40 and 50 per cent, and of industrial crops by even more (cotton 55 to 65 per cent, sugar-beet 65 to 70 per cent, etc.), mainly as a result of improvements in average yields; cattle were to increase in number by about 20 per cent, pigs by about 50 per cent, and sheep by 60 per cent. The amount of animal fodder was, however, to be nearly doubled, partly as a result of improved yields, but largely because of an expansion of the area under fodder crops by about two-thirds. It might then have been concluded that even a partial fulfilment of the targets would yield an unprecedentedly large export surplus of grain, but the low animal-feeding standards since revealed show that much of the increase may have been intended for fodder.[2]

No changes in any of these targets have been subsequently published. The Government has, however, taken a number of measures which suggest that the emphasis to be given to different parts of the programme has changed. Very few measures have been announced which will make achievement of the grain targets easier, but much has been said which points to a greater concentration on improving supplies of livestock products, vegetables and fruit, all types of food in which the Soviet diet is seriously deficient; all, moreover, foods to whose production private enterprise, in the form of the collective farmer working on his private plot, still makes an appreciable contribution.

As in the case of the light industries, the new measures have been explained as needed to remedy many discriminations, anomalies and mistaken priorities which have been frankly exposed to the public gaze. The criticisms of the past and the justification of the new measures are most fully made in a report by Mr. Khrushchev to the Central Committee of the Communist Party.[3] This and other recent statements distribute the blame for agricultural failure amongst four factors, none of them of farmers' own making : inadequate investment, excessive bureaucracy, misguided State procurement and price policies and economically harmful State discrimination against private producers.[4]

New Investment Targets

The greatest attention in the recent measures has been concentrated upon livestock. Supplies of livestock products have been substantially below Soviet domestic requirements ever since the hurried policy of collectivization between 1930 and 1933[5] pushed

---

[1] According to the calculations (based on comparable territory) shown in Table 62, *Economic Survey of Europe in 1951*, the 1950 output of agriculture was 7 per cent above that of 1940. 1952 output was officially estimated at 10 per cent over 1940 (*Pravda*, 15 September 1953). The population of the Soviet Union in 1950 was perhaps 2 per cent greater than in 1940 (*cf.* Table 15, *Economic Survey of Europe since the War*).

[2] Neither the targets for 1955 nor the actual results for recent years distinguish between bread grain and coarse grain, and data in absolute quantities on wheat were made available only during 1953 for any post-war year.

[3] Reported in *Pravda*, 15 September 1953.

[4] Independent farmers are virtually non-existent, but considerable numbers of collective farmers and industrial workers cultivate individual plots both for their own consumption and for the sale of their produce.

[5] In mid-1929, only 4.9 per cent of the sown area was farmed collectively; by mid-1933 it was 83.1 per cent.

Table 21

LIVESTOCK NUMBERS IN THE SOVIET UNION

Million head at beginning of year on comparable territory

	1916	1928	1941	1945	1951	1952	1953	1.X.1954 Revised Plan	1956 Original Plan	
									Minimum	Maximum
Cattle	58.4	66.8	54.5	45.3	57.2	58.8	56.6	65.9	67.5	68.6
Collective farms	—	0.2	20.0	..	28.0	31.4	30.2	35.0	38.0	38.6
State farms	..	0.18	2.2	..	2.6	3.0	3.2	4.8	3.5	3.6
Private	..	66.4	32.3	..	26.6	24.4	23.2	25.7	26.0	26.4
Cows	28.8	33.2	27.8	..	24.2	24.8	24.3	29.2	..	..
Collective farms	—	..	5.5	..	6.8	8.0	8.5	11.5	13.6	13.6
State farms	..	..	1.3	..	1.11	1.29	1.3	1.6	1.9	1.94
Private	..	..	21.0	..	16.3	15.5	14.5	16.0	..	..
Pigs	23.0	27.7	27.5	3.4	24.1	26.7	28.5	34.5	34.9	36.2
Collective farms	—	0.1	8.2	..	11.5	15.5	16.1	21.5	21.3	21.85
State farms	..	0.6	1.7	..	1.94	2.45	2.55	4.3	2.7	2.8
Private	..	27.0	17.6	..	10.6	8.75	9.85	8.5	10.9	11.55
Sheep and goats	96.3	114.6	91.6	56.0	99.0	107.5	109.9	144.4	158.4	160.4
Collective farms	—	0.2	41.9	..	66.1	71.8	77.2	104.0	115.7	119.0
State farms	..	0.75	6.0	..	7.1	8.0	9.96	13.1	12.4	12.8
Private	..	113.6	43.7	..	25.8	27.7	22.7	26.9	30.3	28.6
Sheep only	..	..	..	..	..	..	..	127.4	..	..
Horses	38.2	36.1	21.0	9.1	13.7	14.6	15.3	..	15.1	15.3
Collective farms	—	0.1	14.4	..	10.3*	11.1*	11.5*	..	11.7	11.95
State farms	..	0.12	0.7	..	..	..	..	..	..	..
Private	..	35.9	5.9	..	..	..	..	..	..	..

Sources : See Appendix B.

many antagonized peasants to slaughter stock and fail to grow fodder. At the beginning of 1928 (as Table 21 shows) productive livestock numbers (taken as livestock excluding horses) were 16 per cent greater than in the year preceding the Revolution,[1] although population, as a result of invasion, civil war and famine, was no greater. The disorganization caused by the impact of collectivization virtually halved the livestock population [2] and, by the outbreak of the second World War, livestock numbers were still below the pre-revolutionary level (by some 4 per cent), whereas population was greater by a quarter. Invasion and fodder shortage again cost the Soviet Union millions of head during 1941–1945, and by the end of the war the stock had been reduced by over a quarter. The pre-revolutionary level was regained during the course of 1951, and at the January census of 1952 the count stood 4 per cent higher than in 1916. Cattle numbers declined sharply during the year (as a result both of over-slaughter for meat and lack of fodder), and at the beginning of 1953 livestock herds were back to that of 1916 although population was by then nearly 30 per cent greater. At that time horse numbers were only 40 per cent of the pre-revolutionary stock as a result both of invasion and the twin effects of rushed collectivization and official preference for mechanization, which practically halved the horse population in a decade.[3] The provision of tractors has not, moreover, adequately met outstanding draught-power requirements.[4]

According to a recent decree,[5] the emaciation and death of many animals have been a direct consequence of a lack of fodder, which has indeed been repeatedly mentioned in the Soviet agricultural Press since the war. The area under fodder crops in 1953 was about halfway between the 1950 figure and the target set in the Plan for 1955, and it is doubtless still the intention to fulfil the sowing plan in this case. It was, however, more than two-and-a-half times that of the mid-'thirties, while fodder requirements have increased by barely one-fifth in the same period : the effects of extending the sown area by ploughing grassland or by bringing in lower-quality soil cannot have outweighed the relative improvement in feeding standards indicated. Stress is, however, also laid on the importance of increasing effective yields by mechanizing harvesting operation so as to reduce the delays which have been responsible for unnecessary spoilage and declines in nutrient content.[1] Both collective and State farms have been set higher storage targets.[2]

---

[1] Data in Table 21 calculated in value equivalents quoted in *Slovar-spravochnik po sotsialno-ekonomicheskoi statistike*, Moscow, 1948, page 218. The same source also gives the fodder equivalents used in the following paragraph.

[2] In mid-1932, livestock numbers, horses again excluded, were 57 per cent of the mid-1927 count on the territory affected by collectivization—i.e., excluding area added since 1939, which Table 21 includes.

[3] The mid-1937 count was 16.7 millions against 30.8 millions in mid-1927, subsequently incorporated territories excluded.

[4] The 1953 tractor park had a drawbar horsepower of 14,535,000 or the equivalent of some 19,400,000 horses, while there were 22,900,000 fewer horses than in 1916. Tractors are capable of more continuous work than horses, but unskilled operation and lack of spare parts have in practice reduced this advantage. During the spring ploughing and sowing season of 1953, for example, the utilization of tractor working-time was only 15 to 20 per cent in Saratov and Kuibyshev *oblast* and Altai Krai, 30 per cent in Orël *oblast* and 50 per cent in Smolensk *oblast*. These areas are agriculturally among the most important of the U.S.S.R., accounting, for example, for about one-seventh of the total area sown to spring grain.

[5] Published in *Izvestia*, 26 September 1953.

There is to be considerable investment in equipment for improving water supplies—pumps, water-pipes and wells—and, in all, 50,000 collective farms are to obtain new supplies of water in 1954 and 1955. As this is no less than 53 per cent of the total number of farms, it is easy to get some idea of the previous need. A large number of new shelters for animals and poultry are to be built in order to reduce morbidity and the risk of epizootics. This time the plans are spoken of in tones of such urgency that it seems more likely that they will really be fulfilled.

In order to increase yields in vegetable production, too, the degree of mechanization, hitherto very low,[3] is to be increased, and the engineering industries have been set targets for deliveries of equipment to agriculture in the next two years which they are evidently seriously intended to fulfil. A relatively important investment effort is to be devoted to the construction of hot-beds [4] and hot-houses and to the manufacture of peat humus pots for seedlings. In all these instances similar plans had been made in earlier years,[5] but, in practice, industry received such priority in supplies [6] that they hardly got beyond the paper stage.

The measures proposed involve a mechanization of operations hitherto carried out by hand. On the general issue of mechanization, however, there has evidently been some change of view. While the usefulness of mechanization in reducing toil and, in some cases, making possible better farming, is not denied, it now seems to be held that the virtues of mechanization have sometimes been exaggerated. The Decree on Livestock published in September states that

> "The attitude of certain leaders towards horse-breeding must be censured; they hold that, at present, owing to growing mechanization, the horse has lost its significance in agriculture, whereas, even under conditions of full mechanization, numerous agricultural and traction operations, as well as work satisfying the individual requirements of collective farmers, are more economically done by means of draught animals." [7]

Reforms of Planning Methods

Agriculture, it appears, has been burdened with the worst aspects of bureaucratic planning, which are now to be reformed. There are, for example, between 200 and 250 targets in the annual plans for each collective farm,[8] and each year every farm submits to the local authority approximately 10,000 figures for compiling index numbers.[9] More important, the heavy bureaucracy has attracted many agricultural specialists away from practical work. From now on, 100,000 of them are to be directed to farms as a result of rationalization measures.[10]

---

[1] The following targets have been set for the share of operations to be mechanized on collective farms (for State farms operations are to be almost wholly mechanized) :

	Percentages	
	1954	*1955*
Haycutting, raking and ricking	65	80
Ensilage	65	75
Sowing and weeding of silage and root feeds	75	95

[2] An especially rapid increase in the storage of root and melon fodders appears to be contemplated. The target for 1954 is 40 million tons : this compares with a figure of 27 million tons in 1940 and about the same in 1953.

[3] Only 14 per cent of potato planting is so far mechanized, and 6 per cent of potato-picking. No mechanized work is done on other vegetables.

[4] A minimum of 14 million frames is said to be technically necessary; farms possess only 5 millions.

[5] In 1952 it was planned to build shelters for 23 million animals and 56 million birds—that is, more than is now envisaged for 1954. The 1951 plan called for the provision of four times as much hot-house space as in 1950; of the frames installed in 1949–1950, for example, 40 per cent were still unglazed in 1951.

[6] For example, the Ryazan Agricultural Machinery Works was to have started production this year of KOK-2 potato lifters, yet by mid-November neither of its main suppliers (No. 1 Ballbearings Plant and the Moscow Automobile Works) had delivered a single part.

[7] *Izvestia*, 26 September 1953.

[8] Central plans are laid down, *inter alia*, for the date when the fattening of crossbred pigs is to cease.

[9] This is eight times the pre-war number. "A vast number of agricultural specialists and collective farmers are engaged on compiling various reports, statements and accounts" stated Mr. Khrushchev, in his report to the Party Central Committee (*Pravda*, 15 September 1953).

[10] Only 5 per cent of all agricultural specialists actually work on farms; 14 per cent are at machine and tractor stations, and 22 per cent in central or regional administration.

Inefficient planning in market gardening led to the allocation of targets for vegetables *pro rata* among farms, without consideration of soil suitability. The termination of the livestock planning year on 31 December led to unproductive livestock being kept on stored fodder when they should have been slaughtered three months earlier while fat from the fields.

Changes in State Procurement Rules

Collective farms sell their produce at three sets of prices. Fixed amounts have to be delivered to the State at low prices not intended to cover costs of production, but rather to operate as a tax on agriculture deducted at source : these compulsory deliveries have the first claim on output. Additional amounts may be sold under contract to the State at a higher price. In theory, no collective farm would contract to make sales to the State at a price which did not cover its costs; in fact, however, the element of compulsion has not been entirely absent, if only because the geographical location of a farm frequently gave it no alternative market to that offered by the State. Finally, any surplus remaining after farmers' own demands have been covered can be sold on a free market [1] at prices whose upper limit (unless the State distribution agencies should run short of stocks) is set by the State's selling prices, which include turnover tax as well as a normal retail margin.

The Government can thus alter the tax burden on any branch of agriculture either by varying the compulsory quotas or by varying the prices paid for them. It can alter the relative attractiveness of production for the free market or on contract for the State by varying either its buying or its selling price. It can by either of the same means change the relative profitability of different patterns of production.

In 1953 it did all of these things. Compulsory quotas were reduced for a number of commodities; further, the system of payment in kind for the service of machine and tractor stations was changed so that it no longer operated as a tax on economic rent.[2] It is possible to obtain an exact measure of the effect of these changes only in the case of meat, where it amounts to a reduction in the share of compulsory quotas [3] in total State procurement from 96 per cent in 1952 to 85 per cent in 1954. The compulsory quotas for sheep cheese were completely abolished, but those for eggs and vegetables remain high.

The figures in Table 22 show, in addition, that the compulsory proportion of the total deliveries to the State of meat and milk is, since the reform, lower than it was on the eve of the Third Five-year Plan, when a similar reduction was planned but, because of the war, never carried out.

Second, the prices paid for the compulsory quotas were increased by a third for vegetables, doubled in the case of milk and butter, approximately tripled in the case of potatoes [4] and increased five-and-a-half times for meat and poultry.

Table 22

SHARE OF STATE DELIVERIES IN OUTPUT
OF AGRICULTURAL PRODUCTS
IN THE SOVIET UNION

A : Share of compulsory deliveries in total state procurement
B : Share of all non-contractual deliveries in total state procurement
C : Share of total procurement in commercial production
D : Share of total procurement in gross production

Product		1937	1942 Plan	1952	1953 Provisional	1954 Plan
Grain	A	32	24	..	..	..
	C	83 [a]		..	..	..
Meat	A	63	..	..	53	..
	B	..	..	96	82	85
	C	53	44	60	..	..
Milk	A	85	76	..	58	..
	C	..	..	76	..	..
	D	19	20	..	..	..
Wool	A	65	46	..	..	..
	D	75	76	..	..	..
Potatoes	A	80	..	..	72	..
	D	11	13	..	..	..
Vegetables	A	100	100	..	67	..
Sunflower seed . . .	D	52	58	..	..	..
Flax	D	53	58	..	..	..
Hemp	D	26	40	..	..	..
Eggs	A	..	..	..	94	..
Hides : large . . .	D	98	98	..	29 [b]	..
small . . .	D	95	95	..	20 [b]	..
pig	D	97	72	..	19 [b]	..

Source : Appendix Table XLII.

[a] Based on 1940 commercial production, since gross production was virtually the same as in 1937.

[b] Share of compulsory deliveries in gross production.

---

[1] The possibility of sales on the free market has depended upon the accessibility of urban consuming centres (that is, on the frequency with which a member of each household can travel to market with the family surplus). A scheme is about to be introduced for the sale of collective farms' and farmers' produce on commission by State shops and thus to avoid such labour-wasting individual marketing.

[2] Formerly, the payments varied with yields.

[3] Including payments to machine and tractor stations.

[4] The new prices for potatoes ranged from twice to five times those previously paid.

Third, the prices offered for contractual deliveries of meat and dairy products were increased, but by smaller percentages : by 50 per cent in the case of milk and about 30 per cent for meat.

Fourth, the State's selling prices had already been reduced before these changes in procurement prices.

The net result of all the price changes on the spread between the two State buying prices and between these and its selling price can be seen in Table 23. The element of tax involved in the compulsory quotas has clearly been greatly reduced : the compulsory delivery price for beef, for example, was 4 per cent of the State retail price before the reform and is now 27 per cent; contractual prices have been raised from 49 to 73 per cent.

Both for this reason and because of the increases in State contract prices, a wider range of farms should now be able to break even on their sales to the State. This can be seen quite clearly in the case of milk, when it is possible, thanks to some figures of costs given by Mr. Khrushchev, to see the extent of the loss which inefficient farms must have suffered on deliveries to the State before recent changes.[1]

Costs and Farm Prices of Milk

	Roubles per kilogramme	
	1952	1953
State procurement prices :		
Compulsory deliveries	0.33	0.64
Contractual deliveries	1.05	1.57
Average	0.47	0.83
Free-market price	2.31	2.31
Average price	0.92	1.15
Costs—efficient farm	0.90	..
inefficient farm	1.14	..

Similarly, the reduction of the State's selling margin on contract deliveries should reduce the strength of the free market's pull. But, as Table 24 shows, this margin (hitherto 15 times the procurement price for beef and mutton, for example) still remains much wider than a normal retail margin. Thus, on meat[2] and milk it continues to be some 180 per cent : this compares with the 25 per cent margin which the State shops accept in the case of early vegetables directly delivered by the farms, where no element of tax or transport cost enters.

Concessions affecting Private Plots

As was to be expected, Mr. Khrushchev proposed no changes in attitudes towards collectivization.[3] He did, however, follow up Stalin's hints in his last published work[4] on the need for the continuance of an element of private enterprise in agriculture,[5] which implied making it possible for this relic of capitalism to work efficiently. The Central Committee accordingly decided that the policy of discrimination against collective farmers' private allotments should be abandoned.

Between September 1939 and June 1953, the tax on privately cultivated agricultural land[6] had been assessed on an imputed rent depending not only on area and fertility, but also on the type of crop actually sown and the type of livestock raised. The tax discouraged investment (at least of some types), since the more intensive land uses[7] were taxed at higher rates. In addition, the rate of tax itself was not only heavy, but had been several times increased (in 1939 the maximum rate was 15 per cent, by 1951 it was 48 per cent).[8] As a result, not only did little improvement take place on private plots, but farmers gave up their livestock (by 1953, 45 per cent of farm households possessed no cow[9]) and even in extreme cases their private plots (in cases where, by reason of distance from markets, cash income with which to pay the tax was unusually low).

In 1953, both the basis of assessment and the rate of tax were changed. In future, whatever its use, each unit of land is now to pay a fixed amount

---

[1] The figures of costs relate to farms in Rostov *oblast.* Mr. Khrushchev also gave similar figures for pork, which permit the following comparison :

	Roubles per kilogramme
Cost of production :	
Efficient farm	6.46
Inefficient farm	14.57
State procurement prices in 1952 :	
Compulsory deliveries	0.58
Contractual deliveries	5.38

[2] Pork excepted.

[3] The few individual farms which still exist in the former Baltic States are to be absorbed into collectives as local conditions make expedient.

[4] J. Stalin, *Economic Problems of Socialism in the U.S.S.R.*

[5] Production on individual plots still supplies at least 15 per cent of all food purchased by the non-agricultural population.

[6] That is, on the personal plots of collective farmers and State employees and the (very few) holdings of independent farmers : tax rates on the latter group were and remain higher than on the former.

[7] The net return to land improvements which entailed no change in crop pattern was unaffected by the schedules (save when these were revised upward), but the future expectation of return was diminished by the frequent increase of tax rates. Improvements which resulted in a change of land use (e.g., a switch from grain to vegetables) or increase in stock (e.g., raising more pigs from each litter, or buying a cow) brought an increase in the tax assessment.

[8] Assessments were increased in 1941 and 1943, to allow for rising prices, and were thoroughly revised in 1950. Supplementary assessments were introduced in 1952 for minor agricultural income previously untaxed. The increased rates were not therefore required to match the inflation of actual income above the imputed rents.

[9] Against 31 per cent in 1938 (pre-war area) ; important dairy farming regions like the Baltic States excluded.

Table 23

AVERAGE DELIVERY AND SELLING PRICES FOR LIVESTOCK PRODUCTS AND POTATOES IN THE SOVIET UNION

Roubles per kilogramme [a]

Product	Compulsory delivery prices		Contractual [b] delivery prices		State retail prices		Compulsory delivery prices		Contractual [b] delivery prices	
							As per cent of retail price			
	1952/53	1953/54	1952/53	1953/54	1952	1953	1952	1953	1952	1953
Beef [c]	0.63	3.50	7.35	9.56	15.00	13.00	4	27	49	73
Pork [c]	1.25	6.80	11.44	14.90	22.00 [d]	18.70 [d]	6	36	52	80
Poultry [c]	1.04	5.70	..	9.69	15.00 [d]	12.75 [d]	7	45	..	76
Milk	0.28	0.55	0.90	1.35	1.98	1.98	14	28	45	68
Cream butter	4.50	9.00	..	..	29.11	26.20	15	34	..	..
Clarified butter	6.00	12.00	..	..	33.00 [d]	29.70 [d]	18	40	..	..
Brynza cheese	..	[e]	..	7.00	15.00 [d]	15.00 [d]	..	[e]	..	47
Eggs	..	..	4.25	5.00	7.70	7.00	..	..	55	71.4
Wool, coarse	..	9.53	..	..	..	..	..	..	..	..
Wool, finest	...	28.20	..	..	..	..	..	..	..	..
Potatoes	0.05 [d]	0.15	0.27	0.27	0.80	0.40	6	38	33	67

Sources : See Appendix B.

NOTE. — Premia are payable for deliveries of meat during the second quarter, for milk both to major consuming centres and during the short season, and for potatoes in August.

[a] For milk, per litre; for eggs, per 10 units.

[b] *Gos-zakupok.*

[c] Meat purchase prices are fully adjusted to retail equivalent weight (see Appendix B).

[d] Approximate prices (see Appendix B).

[e] Compulsory procurement abolished.

Table 24

CASH RECEIPTS OF FARMS AND STATE RE-SALE MARGINS IN MEAT AND DAIRY FARMING IN THE SOVIET UNION

Prices in roubles per kilogramme, quantities in thousands of tons and values in millions of roubles

	Beef and mutton		Pork		Milk [a]	
	1952/53	1953/54	1952/53	1953/54	1952/53	1953/54
Compulsory deliveries						
Price	0.27	1.50	0.58	3.20	0.33	0.64
Quantity	1 950	1 860	920	890	8 000	9 500
Cash receipts	526	2 790	534	2 848	2 640	6 080
Contractual deliveries						
Price	3.15	4.10	5.38	7.00	1.05	1.57
Quantity	90	440	40	170	2 000	2 440
Cash receipts	284	1 804	215	1 190	2 100	3 830
Total procurement						
Cash receipts of farms [b]	810	4 594	749	4 038	4 740	9 910
Notional State retail receipts [c]	13 155	12 857	9 922	9 313	23 100	27 580
Notional State re-sale margin	12 345	8 263	9 173	5 275	18 360	17 570
Per cent [d]	*1 524*	*180*	*1 225*	*131*	*387*	*177*

Sources : See Appendix B.

[a] Including milk products in milk equivalent.

[b] Short-season premia are ignored; some deliveries priced at the higher rates will, on the other hand, have been made at the former prices.

[c] Total procurement multiplied by retail price; although allowance is made for technical losses in dressing and preparing meat, none is made for transport and storage losses, pilferage and sales at other than retail prices.

[d] Notional State re-sale margin as a percentage of cash receipts of farms.

normally calculated not locally, but at the level of the *oblast* or the Republic.[1] The benefit of improvements therefore accrues wholly to the farmer. Second, rates of tax were greatly reduced—receipts are expected to be 43 per cent below the 1952 figure in 1953 and 60 per cent down in the full year 1954—so that farmers should be able to finance some private investment. The new system goes even farther, and introduces a direct incentive to the re-establishment of private cow ownership (by exempting households without cows from part of two years' tax so that a cow can be purchased). On the other hand, provision is made to ensure that collective work retains the predominant demand upon the time of the farmer and his family.[2]

Total Effects of Changes on Farm Incomes

The total increase in farm incomes as a result of the tax and price concessions was estimated by the Finance Minister during the Budget debate at 13.6 billion roubles for 1953 and 20 billion in a full year.[3] Since most of the 1953 increase was available for consumption (private investment on farms would seem to show no more than a 2 billion rouble increase in 1953), it is valid to compare these purchasing power increases with sales through rural co-operative stores which supply most[4] of the needs of farmers. Under the revised plan of 1953 these were of the order of 100 billion roubles, so that the increase in purchases of industrial goods by farmers, made possible by these changes, would have been something over 10 per cent in 1953.[5]

* * *

It may fairly be concluded that, while the production of consumer goods of industrial origin, being readily subject to central planning and control, is easily capable of expansion to the new targets, the problems of agriculture, and those industries based on it, are far more complex. The greater influence of natural variations, and the institutional structure whereby much the greater part of produce comes from co-operative farms and personal plots, make plans for agriculture more the type of target formulated by planning authorities in some western economies than the precise blueprints which it is possible to draw up for State industry. This is all the more evident now that more emphasis in agriculture is being given to incentives and somewhat less than before to direct compulsion. The introduction of attractive price incentives for cotton, sugar beet, tea and citrus fruits has, it appears, shown good results and the new measures seem similarly well calculated to produce better results in livestock breeding and market gardening in particular. The extent to which the response of farmers—in either their collective or their individual capacities—measures up to the targets remains to be seen. It can safely be said, however, that the potential for improvement is very great and that progress, once started—and if the revised scale of priorities continues—may be cumulative and eventually become fairly rapid.

Even so, there is some reason to think that hopes may have been prematurely set on faster results than it would be reasonable to expect within the next two or three years, especially in the key sector of animal husbandry. Given that cows were half a million fewer at the beginning of 1953 than a year earlier, the expectation that milk deliveries to the State would increase by nearly 20 per cent during the year must have been chiefly based upon an increased milk yield per cow. A further increase of 20 per cent in deliveries during 1954 is also largely based on a steep increase in yields. Over the past ten years, average annual milk yields per cow on collective farms have varied between only 1,000 and 1,070 kg. : in 1954 they are planned to be no less than 1,400 kg.[6] Although better feeding and improvement of breeds can bring increased productivity when yields are at as low a level as they are (particularly by comparison with those achieved on State farms), the proposed rate of increase seems extraordinarily fast. Similarly, meat supplies in 1952 were maintained only by over-slaughtering, and by the beginning of 1953 cattle (including cows) were 2.2 millions fewer than a year earlier : meat deliveries were, however, expected to exceed those of 1952 by 12 per cent in 1953 and by 37 per cent in 1954. It is difficult to see how such an increase in meat supplies can be obtained at the same time as an increase in animal stock,[1] even assuming that most of the increase will come from pigs, which have a much shorter reproduction period. There is also room for improvement in fecundity : in 1952 there were, per 100 females, 11 calves, 27 lambs and 163 piglets fewer born than in 1940.

---

[1] As a concession to the western regions of the Soviet Union incorporated during or since the war, rates there are half those payable in neighbouring areas of the pre-war territory.

[2] The tax is increased by 50 per cent on households a member of which failed to fulfil his minimum collective tasks and by 75 per cent if there is a member not working on a collective or State job. As subsequent Press stories have shown, this provision is aimed particularly at housewives.

[3] Increased sales at free market prices are apparently not included in this calculation.

[4] 82 per cent in 1950. Farmers of course also make some purchases in State shops, during their visits to towns, but this is partly offset, for purposes of this comparison, by purchases of State farm employees and non-agricultural workers living in rural areas.

[5] These gains were somewhat offset by lower prices received from sales on farm markets following the price reductions in State shops.

[6] On State farms, in 1951 it was 2,318 kg. against 1,725 kg. in 1948; the 1954 yield is to be 2,730 kg.

On the branches of agriculture other than livestock and vegetables little has been said during the year and no new targets have been announced to replace those to be found in the Five-year Plan. The grain plan, in particular, still appears to envisage the increase over the five years of 40 per cent in yield which, together with an increase in the area under grain, would result in an additional supply of 45 to 50 million tons if recalculated from biological to barn yield.[2] The provision of more fertilizers (both by chemical production and by the better use of animal manure) and equipment and of better agricultural services will help towards the hoped-for progress, but the increases still seem very high in relation to present levels.[3] Although no change has been announced on the grain programme the present concentration of attention on livestock and vegetables suggests that there has been a definite shift of emphasis towards more intensive types of production needed to improve the content of the national diet.

---

[1] Numbers of cattle, pigs, sheep and goats (calculated in equivalents given in *Slovar-spravochnik po sotsialno-ekonomicheskoi statistike, loc. cit.*) are to be 16.7 per cent above the January 1952 count in October 1954. The change in dates makes it hard to judge the real situation, since the number at the end of the summer would naturally be larger than at the end of the year.

[2] The replacement of the biological yield by barn yield as the basis of crop estimation was foreshadowed by both Mr. Malenkov and Mr. Khrushchev in their recent reviews of Soviet agriculture.

[3] *Cf. Economic Survey of Europe since the War*, pages 45–47.

Chapter 4

EASTERN EUROPE IN 1953

In the planned economies of eastern Europe as in the Soviet Union, 1953 was a year in which new decisions were taken on the allocation of resources. For at least the three previous years the Governments of all these countries had been giving the utmost priority to the development of heavy industry, to the relative neglect of the light manufacturing industries and, even more, of agriculture. This meant that hours of work in industry lengthened without any commensurate rise in rewards, that the shortage of housing in towns was allowed to become still worse and that stocks of some materials and spare parts were pushed below the minimum levels consistent with a smooth flow of non-priority output. It meant too, that, failing a sufficient supply of manufactured consumer goods and farmers' requisites to tempt peasants to greater efforts, Governments were driven to place increased reliance on compulsion as a means of getting food for the towns, even though the effects of this on efficiency were bound to be unfavourable.

In 1953, the change in political atmosphere gave the eastern European Governments an opportunity to relax the pressure somewhat. They now felt free to permit some increase in the output of consumer goods and farmers' tools, the more particularly as the capacity of the heavy industries had been greatly extended since 1950. This change in priorities in turn made it feasible to relax administrative pressures on farmers and to rely more on more strictly economic incentives and less on prescription. With the removal of a common super-priority for heavy industry it became possible to adapt policies more closely to purely local needs.

The information published on consumption in 1953 and earlier years and on the new targets is, however, so far too small to allow of an exact estimate of the scope of the changes already made or in prospect.

1. The Long-term Plans

During the years 1950 to 1953, investment accounted for a very high percentage of national income in all the eastern European countries except eastern Germany,[1] as can be seen from Table 25. Expenditure on defence, shown in Table 26, meanwhile increased relatively to investment and so to income. The share of the heavy industries in total industrial production increased steadily everywhere.[2]

Not only were the targets for the heavy industries more ambitious than those for the light industries, but the pressure to fulfil them was appreciably greater. It will be seen from Table 25 that, in almost every country for which figures are available, the performance of the heavy industries as measured by degree of plan fulfilment was the better, over the whole period since the beginning of the plans until 1952 or 1953. The single exception is Czechoslovakia, where the revised plans for heavy industry as a whole proved to be unrealizable. The same phenomenon is shown in more everyday terms in Table 27, which shows the production of a number of important commodities in two countries side by side with the plan targets. In both Czechoslovakia and Poland the production of the basic items of heavy industry was not far below, and often above, the original plan targets in 1953, and, in the case of steel in Czechoslovakia, even above the notably more ambitious revised targets of 1951. Equally, in both cases the goals set for textiles were not attained. Agricultural output lagged behind the plans in all countries.

---

[1] Private investment in eastern Germany, which was not unimportant before 1952, is excluded from the figures given in Table 25 because its exact magnitude is unknown. The share of consumption in income was no greater than elsewhere, not only for this reason, but also because of reparation payments.

[2] As it is the practice in eastern European countries to report on industrial production without any allowance for the duplication of output passing from one industrial establishment (or, in eastern Germany at least, from one section of an establishment) to another, the share of heavy industry in the total published, or calculable from other indicators, has no clear meaning. Nevertheless, year-to-year changes in this share, although they may result in part from changes in the degree of duplication or the recording of output not previously included under manufacturing industry, are probably not without some economic significance, and series are accordingly given in Table 25.

Table 25

OFFICIAL INDEX NUMBERS OF NATIONAL INCOME AND GROSS INDUSTRIAL PRODUCTION IN EASTERN EUROPE

(At constant plan prices)

Index numbers—previous year = 100, and percentages

	NATIONAL INCOME				GROSS OUTPUT OF INDUSTRY			
	Index numbers	Percentage distribution			Index numbers			of which : heavy
		Gross investment	Other	Consumption	Total	Heavy	Light	
BULGARIA								
Long-term plan : annual average	113	17	83		118 [a]	119 [a]	117 [a]	..
Actual : 1949	97	15 [b]	85 [b]		128	134	124	31.5
1950	115	..	..		122	121	123	31.2
1951	136	..	..		120	123	118	32.0
1952	101	..	..		118	125	114	33.9
Original plan : 1953	136	..	..		116	119	..	44.5
Average per cent fulfilment	103	..	..		114	..	..	..
CZECHOSLOVAKIA								
Long-term plan : annual average								
Initial	108	..	..		109	111	108	..
Revised	111	..	..		114	118	111	..
Actual : 1949	113	23.6 [e]	76.4		116	116	116	56
1950	108	22.3 [e]	77.7		115	116	115	56
1951	110	24.7 [e]	75.3		115	123	109	59
1952	115	24.3 [e]	14.1	61.6	118	127	110	61
Provisional : 1953	107 *	24.8	75.2		111 [c]	114 [c]	104 [c]	62
Revised plan : 1954	106 *	21.7	78.3		106	106	105	..
Average per cent fulfilment								
Initial plan	112	..	..	..	125	128	108	..
Revised plan	99	..	..	..	..	95	95	..
EASTERN GERMANY								
Long-term plan : annual average	110	13.5 [e]	..	..	114	..	..	..
Actual : 1951	116	9 [e]	7 [f]	..	122.3	118.9	125.3	47.8
1952	111	11 [e]	8 [g]	..	115.5	116.1	113.6	48.3
Original plan : 1953	115	13 [e]	..	..	112.8	117	109	..
Revised plan : 1953	108	..	..	..	110.2	..	..	..
Provisional actual : 1953	106	..	..	..	109.1	105 *	114	..
Revised plan : 1954					112.6	106.8	123.5	..
Average per cent fulfilment	103	..	..	..	104	..	..	..
HUNGARY								
Long-term plan : annual average								
Initial	110	..	..	..	113	115.4	111.6	..
Revised	118	27	..	..	125.4	130.6	119.6	..
Actual : 1950	118	25	10 [g]	65	135	136.2	134.9	51
1951	123	30	9 [g]	61	130	137.7	122.3	54
1952	105	26	12 [g]	62	123.6	133.8	113.4	58
1953	..	25	17	58	110.5 [h]	124 [h]	89 [h]	65 [h]
Revised plan : 1954	..	18	12	70	104.5	..	..	59 [i]
Average per cent fulfilment								
Initial plan	114	..	..	..	147	176	107	..
Revised plan	92	..	..	..	97	107	81	..
POLAND								
Long-term plan : annual average	113	25.9	74.1		117	118	116	..
Actual : 1950	121	27.2 [d]	72.8		126	127	125	52 [d]
1951	112	28.1 [d]	71.9		124	125	118	..
1952	110	26.9 [d]	73.1		120	122	112	..
Provisional actual : 1953	108	25.1 [d]	74.9		116	..	..	..
Revised plan : 1954	..	21.2	78.8		112	112	112	..
1955	..	19.8	80.2		111	111	111	58 [d]
Average per cent fulfilment	99	..	..		116	118	106	..
RUMANIA								
Long-term plan : annual average	118	27 [j]	73 [j]		120	..	..	..
Actual : 1951	..	..	..		129	130	128	54.4
1952	..	..	..		123	135 [b]	..	59 [b]
Original plan : 1953	128	..	..		124	128	..	..
Average per cent fulfilment	..	..	..		110	..	..	..

Sources : See Appendix B.

NOTE. — Gross investment (which includes stocks) includes expenditure on replacement but not on repairs; data on national income exclude depreciation allowances, but, since these are small, the inaccuracy in applying the former to the latter is not great.

[a] Republican industry only.

[b] Plan.

[c] Actual : January–September only.

[d] These percentages are believed to relate to income at current prices.

[e] Fixed investment by the State only.

[f] Reparations.

[g] Armaments and reparations.

[h] First half-year only.

[i] Original target.

[j] 1955 planned distribution.

Table 26

COMPONENTS OF NATIONAL EXPENDITURE IN EASTERN EUROPE

Billions of national currency at current prices

Country	Year	Fixed investment[a]	Government expenditure			Retail sales	Turnover taxes	Profits taxes
			Adminis-tration	Defence	Other[b]			
Bulgaria	1950	1.72	1.08	0.52	2.44	. .	*2.56*	*1.00*
	1951	2.76	0.61	. .	2.42	. .	5.56	1.74
	1952	3.80	*0.61*	*1.60*	2.83	. .	7.83	2.38
	1953	4.64	. .	2.08	3.48	. .	9.75	3.39
Czechoslovakia	1950	48.2	14.0	13.0	48.8	. .	. .	. .
	1951	77.2	16.3	15.6	47.7	. .	147 [e]	. .
	1952	92.0	20.1	22.4	58.8	. .	262 [e]	. .
	1953 [c]	107.0 [d]	18.8	41.8	111.1	. .	292 [e]	. .
Eastern Germany	1950	1.57	1.35 [f]	[f]	6.07	16.9	. .	. .
	1951	2.22	2.23 [f]	[f]	7.94	21.2	. .	. .
	1952	4.9	. .	. .	. .	24.7	. .	. .
	1953	6.0	. .	. .	. .	28.0	. .	. .
Hungary	1950	7.25	1.1	2.0	3.9	14.8	8.1 [g]	3.1
	1951	11.70	1.5	4.1	5.0	17.2	13.0	4.0
	1952	15.30	2.2	5.9	8.2	. .	26.2	5.3
	1953	19.00	2.0	7.4	9.5	. .	27.7	8.9
Poland	1950	11.2	. .	4.0 [h]	. .	. .	9.3	9.1
	1951	19.6	3.8	5.6 [h]	14.6	. .	44.6 [e]	[e]
	1952	23.2	4.1	9.0 [h]	15.5	. .	43.7 [e]	[e]
	1953	31.9	5.7	13.5 [h]	22.2	. .	76.5 [e]	[e]
Rumania	1950	8.0	2.10	2.60	4.40	77	. .	. .
	1951	5.43	. .	. .	4.07	78	11.34	4.07
	1952	10.35	1.12	*5.03*	4.37	. .	14.01	5.42
	1953	13.86	1.46	6.77	5.37	. .	17.51	5.84

Sources : Budgets and reports on budget fulfilment.

NOTE. — Data are budget estimates except for Bulgaria and Rumania (1950–52), for which data were available on actual expenditure and income, italicized figures excluded. Comparisons between countries and between years are affected by differences in the classification and scope of budget heads of expenditure.

[a] Gross fixed investment by the State : this covers virtually all gross fixed investment.

[b] Health, education and social welfare.

[c] In prices of the period before the monetary reform.

[d] Including investment by State enterprises from their own funds.

[e] Profits taxes included with turnover taxes (both from socialized sector only).

[f] Defence included with administration.

[g] Of which the turnover tax on producer goods, since abolished, is estimated to have been 0.8.

[h] Including justice and security services.

The achievements of the eastern European Governments were thus very considerable in the field of heavy industry, and the industrial base of their economies has been substantially extended :

Aggregate Eastern European Output

(Millions of tons or MWh)

Year	*Coal* [a]	*Electric power*	*Crude steel*	*Cement* [b]
1938 [c]	126	27	6.3	5.5
1949	155	39	7.0	5.4
1950	165	43	8.1	6.3
1951	176	48	9.5	7.1
1952	185	53	10.8	7.9

Sources : Tables XLIV–XLIX and Albanian national statistics.

[a] Hard-coal equivalent. [b] Excluding Czechoslovakia.

[c] Or other pre-war year shown in Tables XLIV–XLIX.

The difficulties encountered in carrying out the long-term plans varied considerably from country to country. Poland, blessed with an export surplus of hard coal which can be varied at will, was in the most favourable position to extend industry, though even there the pressure on fuel supplies was such that higher output in the coal industry was pursued with decreasing regard for quality, with resulting difficulties of adjustment in coal-consuming industries.

In Czechoslovakia, whose output has in the past had a fairly high import content, the decision taken in 1950 to rely less on exports to the West had serious consequences. The production of both coal and inferior iron ore was pushed to the utmost, but even so

Table 27

PLANNED AND ACTUAL PRODUCTION IN CZECHOSLOVAKIA AND POLAND

	Unit	Year before long-term plan [a]	1953		
		Actual	Original plan [b]	Revised plan [c]	Actual
Czechoslovakia					
Hard coal and lignite [d]	Millions of tons	41.3	53.0	63.6	54.5
Electric power	Millions of MWh	7.5	11.2	12.3	12.9
Crude steel	Millions of tons	2.7	3.5	4.3	4.6
Iron ore (iron content) [e]		0.4	0.4	1.2	0.8
Cotton and woollen cloth and linen	Per cent	100	163	..	120
Soap	Thousands of tons	28.4	53.0	..	45.4
Poland					
Hard coal	Millions of tons	74.1	89.0	—	88.6
Electric power	Millions of MWh	8.3	14.0	—	13.5
Crude steel	Millions of tons	2.3	3.6	—	3.6
Cement		2.3	3.5	—	3.3
Tractors	Thousands	2.5	7.0	—	6.7
Cotton cloth	Millions of metres	406.5	524.0	—	498.0
Woollen cloth		50.1	..	—	66.9
Silk		47.7	75.0	—	66.8
Sugar	Thousands of tons	745.0	1 000.0	—	1 120.0

Sources : Tables XLV and XLVIII and official plan documents.

[a] 1948 for Czechoslovakia, 1949 for Poland.

[b] Formulated in 1948 for Czechoslovakia and 1949 for Poland.

[c] Formulated in 1951.

[d] Ton for ton.

[e] 32 per cent metal content.

the targets—which demanded costly investment—were not nearly fulfilled. Eastern Germany was in somewhat the same position : low-grade iron and copper ore has there been increasingly worked.

In Bulgaria, where it was announced that the Five-year Plan for the years 1949–53 was completed by the end of 1952,[1] the pattern of production in 1952 was in fact quite different from what had been intended when the plan was drawn up. Agricultural output was, not surprisingly in view of the bad weather, less than had been set as a target for the next year,[2] and its composition was different : farming continued to be largely monoculture of cereals, and livestock did not expand as had been desired. Mining was expanded significantly more than had originally been intended,[3] doubtless for exports which could contribute to the campaign for increased self-sufficiency in eastern Europe as a whole, but manufacturing production lagged behind the plan.[4]

But it should be remembered that the small, previously existing industry must have suffered from a lack of skilled labour and that the Bulgarian long-term plan was drafted earlier than any other except that of Yugoslavia, at a time when the international situation was quite different from what it afterwards became. By the time the original plan was formally wound up, it had already ceased to correspond to current realities.

In the only country where a long-term plan has so far run its full course—Czechoslovakia—the situation is, however, not so dissimilar. Though the revised plan of 1951 has been about fulfilled, as far as can be judged from the preliminary figures shown in Table 25, in the sense that the index number of gross industrial production is near the level aimed at, the distribution of output, as Table 27 demonstrates for a few items, has diverged considerably from the plan.[1]

---

[1] By this was meant that the value of gross industrial production in 1952 (55 billion leva at 1939 prices) exceeded the value aimed at for 1953 (50 billion leva). All such comparisons are of uncertain meaning because it is not known whether the statistical coverage of output is the same in the two figures. Figures of plan fulfilment so computed are included in Table 25 mainly in order to facilitate comparisons between performance in different sectors of the economy.

[2] Nevertheless, the value of gross production in the food-processing, leather and textile industries exceeded the planned figure, presumably because of a transfer of resources from handicraft to factory production. This illustrates once again the dangers of using for the purpose of economic analysis figures collected for the operational use of those supervising the execution of plans in individual branches of industry or enterprises.

[3] The plan for metal-ore mining was over-fulfilled by 200 per cent, and those for coal and other non-metalliferous minerals by 13 and 42 per cent, respectively.

[4] Production in the metallurgical industry was 70 per cent below the plan, and the metal-using industries also did not fulfil their plan.

It seems clear that the bottlenecks in raw materials and energy enforced a further revision of the plan even before the changes in policy in the middle of the year. As the following table shows, gross industrial production in the first three quarters of 1953 was about 11 per cent above the level of the corresponding quarters of 1952, whereas the operational plan for the year, which was announced as late as December 1952, had called for an increase in the year as a whole of 18 per cent of the 1952 level : nevertheless, the plan fulfilment reports give for the various ministries plan fulfilment percentages clustering closely around 100.

Index Numbers for Czecholovakia

Corresponding period of previous year = 100

	Operational plan for 1953 announced in 1952 [a]	*Actual*		
		First quarter	*Second quarter*	*Third quarter*
Gross industrial production. . . .	118	110	111	111
Output per man in industry	115	109	109	109
Total investment . .	118	107	. .	. .
Output of electric power	117	106	107	108

[a] *Rudé Právo*, 17 and 19 December 1952.

In Czechoslovakia, physical bottlenecks directly affecting industrial output would seem to have made necessary some relaxation of the pressure on the economy on technical grounds alone. Examples abound in the other countries too of the periodical hold-ups of particular branches of production of the type with which all Governments endeavouring to expand output became familiar during the war and the post-war reconstruction period. But the weakest link in the progress of the eastern European economies lay not here but in the consumption sector.

---

[1] The Prime Minister of Czechoslovakia said : " It became evident that some of the targets for heavy industry in the revised Five-year Plan were set much too high . . . The goals set for the production of raw materials, energy and other important products have not been reached." (*Rudé Právo*, 16 September 1953.)

2. PRICES AND INCOME

The corollary of the progress in heavy industry was an increasing of pressure on the consumer. The eastern European Governments used their rather considerable powers over wages and prices to keep consumption within the limits set by their resource allocation policy. The chief instruments of this were compulsory deliveries of farm produce in the case of the agricultural population, and the turnover tax—sometimes combined with a system of differential rationing and double pricing—in the case of industrial workers and other town-dwellers. The State thus used its monopsony power to keep rural consumption (and investment) in check, and its monopoly power to control urban consumption. Strong incentives remained to workers, and particularly to skilled workers in favoured industries, the most important class if the development plans were to be fulfilled, because wages were closely geared to productivity; the most depressed classes were those who were economically less important—unskilled workers in enterprises enjoying only a low priority, and the unproductive.

What the total effect of all this was it is impossible to say : statistics of consumption levels in eastern Europe are hard to come by. Estimates of the share of the national income devoted to consumption are published for one country (see Table 25) but the exact coverage of consumption is not known : certainly it is wider than the field of personal consumption in western European countries. Family budget studies are made but not published, cost-of-living indices are calculated [2] but not announced. Even when the production of particular consumer goods is known, imports and exports are not. In the absence of direct evidence, it is necessary to rely on indirect inferences from partial data.

Table 28 shows indices of the cost of living which have been built up from detailed price quotations [3] officially published at various dates in the four most industrialized countries of the area. They are weighted according to the working-class family budgets used in the cost-of-living indices officially published before the war [4] or used in the post-war reconstruction period.[5] There is no doubt that this is from some points of view unfortunate. The actual composition of recent

---

[2] See J. Mach, " New Price Index Numbers ", *Statisticky Obzor*, Nos. 1–2, 1952, pages 99–105.

[3] The prices of 99 commodities were used in the calculations for Czechoslovakia, 100 for eastern Germany, 50 for Poland. In the case of Hungary, it was possible to find prices for only 19. All the price quotations used are shown in Table LIV.

[4] 1937 in Czechoslovakia and Poland.

[5] 1948 in Hungary and 1949 in eastern Germany. In the absence of material on working-class budgets in eastern Germany, it has been necessary to use the budget used in calculations of the cost of living in West Berlin, repriced at the prices ruling in East Berlin.

Table 28

INDEX NUMBERS OF THE COST OF LIVING IN FOUR EASTERN EUROPEAN COUNTRIES [a]

1950 = 100 [b]

	1951 [b]	1952 [b]	1953		Share of group of expenditure in total cost of budget		
			June	Sept.–Nov.	Pre-war	1950	1953 Second half
Food							
Czechoslovakia	138	142	162	157	46.3	52.4	65.5
Eastern Germany	94	92	..	88	38.3	36.2	38.9
Hungary	209	200	226	206	40.0	53.0	64.0
Poland	..	163	254	251	48.2	52.5	64.1
Clothing							
Czechoslovakia	102	92	118	104	11.2	18.7	15.4
Eastern Germany	76	73	..	71	16.4	40.2	34.6
Hungary	200	200	200	170	9.0	15.0	16.0
Poland	..	170	198	168	14.6	21.7	17.7
Heat and light							
Czechoslovakia	102	112	110	107	7.0	4.0	3.4
Eastern Germany	100	100	100	95	5.3	2.0	2.3
Hungary	125	125	125	105	8.0	8.0	5.0
Poland	100	167	196	185	10.2	7.4	6.7
Rent							
Czechoslovakia	100	100	100	100	15.9	3.8	3.0
Eastern Germany	100	100	..	100	22.3	8.9	10.8
Hungary	100	100	100	100	23.0	7.0	4.0
Poland	..	100	100	100	12.0	3.3	1.6
Household goods							
Hungary	119	119	119	110	2.0	2.0	1.0
Poland	..	173	173	173	3.7	4.3	3.6
Other							
Czechoslovakia [c]	104	99	79	75	19.6	21.1	12.7
Eastern Germany [c]	92	91	..	86	17.7	12.7	13.4
Hungary	106	106	106	105	18.0	15.0	10.0
Poland	..	111	121	119	11.3	10.8	6.3
Total [d]							
Czechoslovakia	121	121	132	126	100	100	100
Eastern Germany	87	85	..	82	100	100	100
Hungary	176	171	185	168	100	100	100
Poland	..	159	214	205	100	100	100

Sources: See Appendix B.

[a] For details of the prices and weights used in computing the index numbers, see Table LV.

[b] December in Czechoslovakia, eastern Germany and Poland ; June 1950, December 1951 and first half of 1952 in Hungary.

[c] Including household goods.

[d] The 1950 level was about 11 per cent above the pre-war level in Czechoslovakia, about two-and-a-half times the pre-war level in eastern Germany, 4 times in Hungary and 5 times in Poland. In Czechoslovakia and Poland, the comparison is in terms of the new currencies introduced after the monetary reforms.

consumption expenditure has certainly been very different from experience before the war, or during the reconstruction period : physical shortages of particular commodities, notably food, have enforced some considerable changes in relative prices. In addition, there is reason to believe that goods of a quality comparable to that common in pre-war years have not always been available.

Even with all these qualifications, the figures can be used as a rough guide to movements in the cost of living of urban workers with families. The weights used are not unrealistic for the working-class families with children on whose expenditure patterns at earlier dates they were based. Changes in quality may have been great as compared with pre-war years but are unlikely anywhere to have been great during the four post-war years for which the calculations have been made; changes in the relative prices of different constituents of the standard of living are thus likely to be fairly accurately reflected in the figures shown.

The table shows that retail prices rose, on balance,[1] between 1950 and mid-1953 in Czechoslovakia, Hungary and Poland. In eastern Germany, prices probably changed little; the previous rise had continued longer during earlier years when reconstruction of the economy was lagging far behind progress elsewhere. Food prices increased considerably more than other prices in the three former countries; in eastern Germany high clothing prices seem to have been used as the main absorbent of surplus purchasing power. It has not been possible to calculate indices of the cost of living in the two southernmost countries. Some individual price quotations at different dates are, however, presented in Table LIV. It will be seen that by September 1953 most food prices in Bulgaria were about two-thirds above the former ration prices and upwards of 50 per cent of the former free market prices. Clothing—which was derationed in March 1951—was above the 1950 free price but below the 1952 level. In Rumania, the present prices of rationed goods tend to be below the 1950 level, but free market prices, which have fluctuated considerably with the harvest, are generally higher.

Since mid-1953 there has been a moderate reduction in the cost of living in Czechoslovakia, eastern Germany and Poland, due mainly to reductions in turnover taxes on manufactured goods, and a somewhat greater fall in Hungary and Rumania, where the improvement in the harvest over the low levels of the previous year was bigger and could thus exert a greater influence on food prices. Official estimates of the total effect, at an annual rate, of the price reductions[2] of the latter half of 1953 on consumers' purchasing power[3] have been published in nearly all countries. It is impossible to express these as percentages of total retail sales except in eastern Germany, where the increase in purchasing power over consumer goods appears to be of the order of 10 per cent.[4] It is, however, possible to relate the estimate to the total of the State's expenditure. This is a relevant comparison because a large part of the gain to the consumer represents an actual loss of revenue to the State, which must itself have repercussions on investment or defence expenditures.

Increase in Consumers' Purchasing Power in 1954 as a Result of Price and Tax Reductions

	Billions of national currencies	*Percentage of 1953 State Budget Expenditure*
Bulgaria	0.9	5
Czechoslovakia . . .	4.5	5
Eastern Germany . .	3.0	9
Hungary	6.0	12
Poland	4.5	5

It is noticeable that the ratios are higher in the case of eastern Germany, where there was much social unrest, and Hungary, which, of the countries in the table, had the biggest harvest improvement in 1953. The distribution of this increase in purchasing power between the countryside and the towns is unknown except in Hungary, where it is stated that half of the total is due to reductions in taxes and quotas for peasants.

During the period when prices were rising, average earnings of industrial workers were climbing too, though less fast. In Czechoslovakia, average money earnings were in 1952 17 per cent above the 1950 level, whereas at the end of the year the cost of living was 22 per cent higher. In 1953, average earnings were 25 per cent above those of 1950,[5] but, after the abolition of rationing, the cost of living was 32 per cent higher. By the end of the year, following the reduction of prices in the autumn, it seems that average real wages may have been back to their 1950 level.[6] In

---

[1] There may have been seasonal downward movements at intermediate dates.

[2] Together with reductions in taxes on peasants' incomes and, in Hungary, in the size of the semi-compulsory subscriptions to the State loan.

[3] In each case they measure the reduction in the cost of purchasing the volume of sales of consumer goods expected for 1954 as compared with what it would have cost in 1953.

[4] In addition, average money wages are expected to be 8 per cent higher in 1954 than in 1953.

[5] *Rudé Právo*, 3 November 1951, 13 December 1952, 22 January 1953 and, for 1953, communications from the Czechoslovak Government.

[6] The index of real wages so calculated with 1950 = 100 gives : 1951 = 91, 1952 = 96, 1953 (June) = 95 and 1953 (November) = 99. Some inaccuracy is induced by the fact that prices are measured at a specific date, whereas wages are averages over time.

Hungary, the rise in prices was much faster than the upward seepage of wages, and it is officially stated that there was some fall in standards of living.[1] In Poland, the average real wage was in 1953 some 15 per cent below the end-1950 level; the average standard of living of the population outside agriculture, however, had risen by 15 per cent during the four years up to mid-1953 because of an increase in the proportion of dependants in paid employment.[2]

This last example illustrates one of the pitfalls of indices of real wages : a fall does not necessarily mean a reduction in material standards, but rather that a family has kept them up by dint of working harder. Further, the average worker and the average family are of course non-existent. Wages and prices have doubtless moved to the advantage of some groups of workers during the so-far-expired period of the development plans; they have, however, by the same token, in spite of some upward adjustments of family allowances, moved to the definite disadvantage of large families, whose expenditure on food forms an unusually high proportion of their total outlay, and those without bargaining power. The instruments by which a big programme of investment and defence are enforced by the eastern European Governments differ widely from those used in western countries : the effects on different classes of consumer are nevertheless strikingly similar to those ordinarily experienced during an inflationary period in a capitalist country.

3. Changes in Industrial Priorities

A large part of the 1953 increase in purchasing power could undoubtedly be matched by an increase in supplies of goods without necessitating any immediate revision of priorities. The harvest was in general significantly better than in 1952, so that increased supplies of food—bread, vegetables, fruit and, in due course, sugar, fats and meat—were available for the towns. These had an immediate impact on the food-processing industry, which was probably working below capacity earlier. Goods could also be released from strategic stockpiles, which included manufactured consumer goods as well as foodstuffs : this seems to have been important in eastern Germany. In addition, the low level of sales to the countryside after the bad harvest of 1952, much of which had been compulsorily delivered to the State at low prices, may have led to some uncovenanted accumulation of manufactures, at least in the more agrarian countries, in spite of the relatively low level of production.

But if reductions in prices are to become an annual tradition, the eastern European Governments will clearly have to use a new set of priorities in deciding on the allocation of future increments of national product. This will be even more certainly the case if increased amounts are to be spent on housing and other forms of social capital, not merely to improve standards of living, but even to make possible future growth in industrial and hence in urban populations.

There are few signs that any substantial switch of resources has so far been carried out, except perhaps in eastern Germany. There the investment programme for 1953 was reduced in the second half of the year by about $3^1/_2$ per cent (DM 200 million), but the more important change was a considerable reallocation of resources within the programme : investment in heavy industry was cut by DM 600 million (equal to 10 per cent of total investment) and the housing programme, previously very small, was increased by DM 700 million; investment in light industries was to increase by DM 70 million, in agriculture, as far as can be judged, not at all. The decrease of 16 per cent in the original investment programme for Czechoslovakia in 1953 announced at the end of September, on the other hand, seems to represent rather an adjustment of plan to the actual level attained than a real plan revision. Elsewhere, some big investment projects with only an indirect relation to industrial production have been slowed down, the Budapest underground and the Danube — Black Sea Canal among them. It is not surprising that changes in current investment activity should be small : it is obviously difficult to interrupt projects already begun and wasteful to leave them uncompleted when the work has passed a certain stage.

Little that is precise has been published, too, on changes in industrial plans for the future. In part, nevertheless, this is because there is as yet no unanimity on the extent to which change should be carried,[1] in part merely because the year is still young.

---

[1] "The goals envisaged by the enlarged Five-year Plan ", wrote the Hungarian Prime Minister, " are in many respects beyond our strength. Pursuit of these goals is too great a strain on our resources, retards the growth of the material base for the well-being of the working people, and, what is more, led recently to a definite lowering of the standard of living." (*Szabad Nép*, 5 July 1953.)

[2] " Real income per head of the working class (due, *inter alia*, to the increased employment of members of the family) increased by about 15 per cent in the first half of the year 1953 as against the first half of 1949." (*Trybuna Ludu*, 4 November 1953.)

It is suggested that the share of consumption in the national income of Hungary is to rise from 58 per cent in 1953 to 70 per cent in 1954,[2] but no articulated information has been published on how this startlingly large switch of resources is to be achieved or on what form it will take : some increase, of course, could have been expected in any case in view of the good harvest of 1953. The need for improvement in the quality, as well as the volume, of consumer goods is emphasized.[3]

The Polish programme for the years 1954 and 1955 shows a reversion to equal rates of expansion for consumer goods and investment goods and calls for a smaller increase in gross industrial production than in previous years, which should improve the chances that the consumer-goods industries will fulfil their targets even should pressure for plan fulfilment in the producer-goods sector be as strong as ever. The targets for textiles in the new plan for 1955 are, however, still below those put forward in the original Six-year Plan drafted in 1949.[4]

Planned Production of Textiles in Poland in 1955

(Millions of metres)

	Original plan (1949)	*Revised plan (1953)*
Cotton cloth	608	558
Woollen cloth	75	74
Silk	104	80

In Hungary, the share of agriculture in total investment is to increase rather sharply from 12 to 25 per cent in 1954, and considerable detail has been published on the agricultural investment programme for 1954–56, which is to be two-and-a-half times as great as actual investment in the recent past. It is known that investment in the food-processing industry is to be 55 per cent above what was formerly planned, and that house-building and investment in the light industries are to get a bigger share of the total.[5] Investment in the food-processing industries is to increase in 1954 by 55 per cent, but there are no details on other industries. The fact that there has been some reduction in the planned production of electric power suggests that investment programmes for electricity undertakings have been cut, though those which remain continue to enjoy, with coal and iron and steel undertakings, the highest priority. Increased emphasis is being placed on maintenance of capital, both housing and industrial equipment,[6] and in Budapest expenditure on housing repairs is to reach 600 billion forints by the end of 1954, a figure probably in excess of what normal maintenance would require.

In eastern Germany, the gross production of light industry is to increase by more than that of heavy industry, but, as in Hungary, more stress is laid on the possibilities of using existing capacity in the light industries more fully than on the need to expand it. For eastern Germany, which, like Czechoslovakia, is heavily dependent on imported food and materials,[7] this implies increasing imports—in particular of textile materials and leather—and it is not surprising that both here and in Czechoslovakia there is a renewed interest in exports. In eastern Germany, precision and optical instruments, an important export industry, was to increase its output by one-third in the second half of 1953. The production of large steam turbines is to increase in 1954 sevenfold and that of large electric generators threefold, the increment in both cases being for export. In Czechoslovakia, heavy industry is still to increase by slightly more than light, but there are signs that this is also in the interest of exports. Czechoslovak engineering production is scheduled to increase by 8 per cent in 1954, engineering exports by 27 per cent. In Rumania, both the short-

---

[1] The 31 October 1953 resolution of the Hungarian Workers' Party's central committee, after stating that the actual realization of the new policy is insufficient, states : " The reason for this is that some economic and Party officers manifest misunderstanding and attachment to the old ways, and sometimes resist the right policy of the Party and the Government. Such symptoms appear in particular in the Planning Office, the Ministry of Heavy Industries, the Ministry of Metallurgy and Engineering, as well as in the Planning and Financial Section of the Party's central direction." (*Szabad Nép*, 6 November 1953.)

[2] See Table 25.

[3] In Hungary, where the average wool content of woollen cloth is reported to have been as low as 30 per cent, new types of cloth containing 50, 70 and even 100 per cent of wool are now promised.

[4] Similarly, the latest plans for footwear in Rumania are less ambitious than those published in 1950 :

	1952	*1955*	
	(Millions of pairs)		
	Actual	*Original plan*	*Latest plan*
Leather shoes	11	21	10
Rubber shoes	..	2.7	4

[5] During the years 1950 to 1952, provision for the depreciation of fixed capital was at the rate of 2 per cent of value. The fact that this was a surprisingly low figure is not important, since provision for depreciation in a socialist economy is merely a matter of internal book-keeping. Of this small amount, however, only half was actually used for replacements. This implies that some establishments must have been running down their capital at an unusual rate. (See *Társadalmi Szemle*, October–November 1953, page 828.)

[6] The lack of adequate maintenance in coal-mines and steelworks is particularly stressed.

[7] In 1953, planned eastern German imports from the Soviet Union alone amounted to nearly 1 million tons of grain, 30,000 tons of butter and 20,000 tons of vegetable fats. In 1952, Czechoslovakia imported 48 per cent of its total consumption of wheat, 39 per cent of its poultry and 25 per cent of its butter.

and long-term allocation of investment resources have been altered : the food industry investment plan for the fourth quarter was more than double that for the preceding quarter, and investment in the textile and clothing industry in 1953–55 is to be double that contained in the plan previously accepted, though no more than that laid down in the original long-term plan.

It was mentioned above that increased programmes of investment in housing have been announced for several countries. Even after the increases the programmes are in general smaller than those laid down in the original long-term plans, while the number of rooms they will provide is extremely small, if related either to the needs of countries with new industrial centres and rapidly expanding urban populations or to the amount of construction done per head of population in all but a very few countries of the West.

Construction of Dwellings in Eastern Europe

(Thousands of dwellings)

	Czechoslovakia [a]	*Hungary* [b]	*Poland* [c]	*Rumania* [c]
1949	20	22	26	. .
1950	22	23	30	8
1951	23	25	44	10
1952	25	20	45	8
1953	30	20	49	12
1954 Plan . . .	40	40	. .	19 [d]
1955 Plan . . .	. .	. .	59	
Numbers of rooms per thousand of total population				
1954 Plan . . .	8	7	6 [e]	1

[a] Total dwellings, other than individual family houses, of which 5,000 were constructed in 1953, and 10,000 are forecast for 1954.

[b] Total dwellings.

[c] Urban dwellings only, which are, however, the majority.

[d] Average of 1954 and 1955.

[e] 1955 plan.

4. Changes in Agricultural Policies

The Previous Policies [1]

There have been three characteristic and interrelated features of the agricultural policies of all the eastern European Governments in recent years : the assignment of a low priority to agriculture within their long-term development plans ; a considerable reliance on direct controls in the form of compulsory deliveries in order to assure supplies of food to the towns ; and, within agriculture, a marked discrimination in favour of co-operative and State farms.[2]

During the period of reconstruction after the war, it would scarcely have been possible to make available to peasants supplies of manufactured goods adequate to call forth the minimum amount of food supplies needed for the towns, especially since agricultural production was also low. Compulsory deliveries at low prices—constituting, in effect, a tax payable in kind—were therefore relied upon to prevent excess consumption or hoarding by peasants, undue feeding of livestock, or even failure to cultivate their land. The system was, however, continued and made even more rigorous after the original emergency had passed because of the decision of all the Governments concerned to slant their long-term plans in the direction of heavy industry. This implied that consumer goods and farm equipment and other production requisites would continue to be relatively scarce at a time when urban demand was growing with the expansion of industry, and made almost inevitable the continuance of compulsory deliveries. In theory, there was no reason why this should have a disincentive effect. Indeed, since farm surpluses over and above the compulsory deliveries to the State could be sold under contract at higher prices or could be disposed of in a free market, the system might have been expected to have favourable results on total output. In fact, the State's delivery quotas were in some countries so large,[3] and the administration generally so cumbersome and variable, that the chances of realizing much on a possible surplus were small : in such cases there can be small doubt that the system did not make for maximum efficiency and effort.

The attitude of Governments was, in any case, ambivalent with respect to incentives for the still predominant private sector.[4] On the one hand, they were bound to be concerned with the effects of their policies on peasants' efforts and, hence, on food supplies. On the other hand, the authorities undoubtedly feared that the positive encouragement of private farming would tend to perpetuate the economic and social disadvantages of small peasant holdings, predominant everywhere in eastern Europe after the further land redistributions at the end of the war. On balance, the long-term gains expected from the re-grouping of private holdings into large-scale farms were held to outweigh the short-term gains in output which might flow from a more lenient attitude to the peasantry, and discrimination in favour of co-operatives became the order of the day.

---

[1] For a fuller description, see *European Agriculture : a Statement of Problems*, Geneva, 1954, Chapter 4.

[2] In eastern Germany, the drive for collectivization did not start until 1952.

[3] In Czechoslovakia in 1952, 97.5 per cent of the milk and 97 per cent of the meat sold to the State consisted of compulsory deliveries. (*Rudé Právo*, 19 December 1953.)

[4] In mid-1953, private farms covered four-fifths per cent of the agricultural area in Poland and Rumania, two-thirds in Hungary and over one-half in Czechoslovakia.

At the same time, the greater emphasis given to the development of heavy industry from 1950 onwards made it impossible to supply the growing number of co-operatives, already handicapped by lack of trained management, with the materials and equipment which would have enabled them to realize the advantages of large-scale operation, and it is clear from recent statements that lack of tools and other requisites imposed an even greater handicap on small farms. In short, the policies pursued in eastern European countries have speeded up the movement of peasants into the co-operatives, but at the cost of discouraging efficiency and production by the bulk of agriculture which is still in private hands, while the investment priorities adopted left agriculture, both private and socialized, unable to keep pace with the rising demand from the towns.

The effects of these policies are partially illustrated by the data on production given in Table 29, though it should be borne in mind that they also reflect the influence of variations in weather conditions.[1] It will be seen that the grain and potato harvests have generally been below, sometimes well below, the 1934–38 average in practically all countries in each of the past five years, both good and bad, for which data are available. The output of sugar-beet, on the other hand, appears to have risen significantly, and other data indicate that the same is true of other industrial crops, especially oil-seeds. This increase is the result of an expansion of the area sown to these crops which has offset the fall in yields common to all labour-intensive cultures, including potatoes. In the case of grains, yields have remained at about the pre-war level, but the area sown has decreased.[2] In animal husbandry the record is mixed. Average milk yields are, in most of the countries, still low compared with pre-war, though increasing in recent years in Czechoslovakia, eastern Germany and Poland ; cattle numbers are near to, or even somewhat above, the pre-war level in most instances, Poland being a very important exception, and have shown some tendency to rise gradually over the last three or four years ; pig numbers have risen sharply in Czechoslovakia, which previously relied partly on imports, and in eastern Germany, but are substantially lower than pre-war in Poland, and their slaughter weights have dropped sharply in Hungary.[3]

The data thus indicate that there has not been any general and sustained progress beyond earlier levels, which were already distressingly low in most of the area, and that in some instances production has even declined during recent years. In particular, performance in production has not kept pace with demand, as the number of industrial workers and other city-dwellers has increased and, perhaps also, as total consumption on the farms has tended to rise following the early post-war land redistributions.

In all the countries, the shortcomings of past policies, particularly in the field of livestock production, have recently been described in emphatic terms by Government spokesmen. In each case the failure of production policy is linked to the neglect of adequate financial incentives to peasants—the neglect, that is, to provide sufficient manufactured goods to make compulsion unnecessary. " Instead of promoting the development of agriculture and increasing the pecuniary interest of working peasants, we increased the quantity of deliveries without having it backed by an appropriate increase of production," said a report by the Hungarian Minister of Agriculture.[4] Statements in other countries have been of a closely similar nature.

The New Policies in Agriculture

All the eastern European Governments announced, in the second half of 1953, substantial changes in their agricultural policies. Though the changes are numerous and complicated, two aspects of present policies are common to all of the countries.

First, stress is laid on the importance of making co-operatives positively attractive to farmers rather than making private farming difficult. But discrimination in favour of co-operatives is to continue or even increase, and there has been no change in long-term aims : large-scale farms are still regarded as the necessary pre-condition for improvements in yields and in the pattern of production.

Second, it is accepted that in the interim—which may cover a considerable number of years—private farming will have an important part to play, and the need to make it more productive and rewarding is emphasized.

---

[1] It must also be noted that, as indicated in the note to Table 29, the figures are subject to a considerable margin of uncertainty as to content and comparability.

[2] Poland, traditionally a grain exporter, actually had to import one million tons of rye after the good harvest of 1953.

[3] Slaughter weights are reported to be 25 to 30 kg. less than before the war in the case of Hungarian pigs, a fall of close to one-fifth.

[4] *Szabad Nép*, 30 December 1953.

Table 29

MAIN CONSTITUENTS OF EASTERN EUROPEAN AGRICULTURAL OUTPUT

	Unit	Pre-war [a]	1948	1949	1950	1951	1952	1953
Bulgaria								
Bread grain	Millions of tons	2.2	2.0	1.0	2.1	..	2.3	..
Sugar-beet		0.3	0.4	0.4	0.3	..	0.7	..
Pigs	Million head	1.0	1.2	..	1.0	..	1.9	..
Cattle		2.0	2.0	..	1.5	..	1.7	..
Milk yields	Thousands of litres per cow	0.8-1.0	..	..	..	..	0.6	0.6
Czechoslovakia								
Bread grain	Millions of tons	3.1	2.5	2.8	2.6	2.7	2.8	..
Coarse grain [b]		2.3	1.9	2.1	2.0	2.1	2.2	..
Potatoes		9.6	6.5	6.3	8.8	..	..	..
Sugar-beet		4.7	4.3	4.3	6.0	..	..	..
Pigs	Million head	3.5	3.2	4.1	3.8	4.2	4.6	..
Cattle		4.7	3.7	4.2	4.3	4.3	4.3	..
Milk yields	Thousands of litres per cow	1.9	1.2	1.3	1.4	1.5	1.6	..
Eastern Germany								
Bread grain	Millions of tons	3.6	2.8	3.0	3.0	3.7	3.6	..
Coarse grain		2.9	1.4	1.6	1.9	2.5	2.4	..
Potatoes		13.6	11.6	8.5	13.0	13.0	12.0	..
Sugar-beet		5.4	4.4	3.6	5.4	5.5	5.0	..
Pigs	Million head	6.0	2.6	4.3	5.7	7.1	8.3	..
Cattle		3.6	2.9	3.3	3.6	3.8	3.9	..
Milk yields	Thousands of litres per cow	2.5	1.6	1.8	2.1	2.3	2.5	..
Hungary								
Bread grain	Millions of tons	2.9	2.3	2.6	2.8	2.9	2.3	2.7
Maize		2.3	2.8	1.7	1.7	2.5	1.4	2.6
Potatoes		2.4	2.2	1.9	1.3	2.1	1.1	2.4
Sugar-beet		1.0	1.7	1.2	1.6	2.4	1.2	2.5
Pigs	Million head	5.2	2.7	3.6	6.5	4.8	5.3	5.5
Cattle		1.9	1.7	1.9	2.1	1.9	2.1	2.2
Milk yields	Thousands of litres per cow	1.8	..	1.6	..	1.6	.. [c]	1.4
Poland								
All grain	Millions of tons	13.3	11.3	11.9	11.6		10.9 [d]	
Potatoes		38.0	26.8	30.9	36.9		28.2 [d]	
Sugar-beet		6.0	4.2	5.1	6.4	..	..	7.7
Pigs	Million head	9.6	4.6	5.8	9.4	8.4	8.4	8.4
Cattle		9.9	5.7	6.4	6.7	7.1	7.4	7.4
Milk yields	Thousands of litres per cow	1.5	1.3	1.5	1.6	..	1.7	1.7
Rumania								
All grain	Millions of tons	8.3	6.8 [e]	..	..	..	6.5	..
Potatoes		1.0	1.1 [e]	..	..	..	2.3	..
Cattle	Million head	3.7	4.3 [e]	..	4.3	..	4.8	..

Sources: See Appendix B.

NOTE. — Many of these figures are estimates computed from various sources, the precise coverage of which is frequently a matter of inference. In particular, it has been necessary to convert some of the information of the later years from a biological to a barn yield basis. For these reasons, particular caution is needed in interpreting the figures. Figures for livestock refer to numbers at the end of the year except for Hungary (spring) and Poland (June).

[a] For crops, average for 1934–38 except for Bulgaria (1939) and Rumania (1935–39). For livestock, 1934 for Bulgaria, 1936–38 for Germany, 1937 for Czechoslovakia and Rumania, 1938 for Hungary and Poland. All adjusted to present territory.

[b] Barley and oats only.

[c] According to official statements yields in 1952 were below those in 1951.

[d] Average 1951–53. It was officially stated that agricultural production in 1951 was lower than that in 1950 owing to unfavourable weather conditions.

[e] 1947.

Both these changes in attitude are expressed in some change to the advantage of farmers in the terms of trade between agriculture and industry. But their more important reflection lies in measures which involve the allocation of more resources, consumer goods as well as investment goods, to agriculture, whether private or co-operative.

In the following discussion, the detailed changes in policy are grouped under three heads : those which remove or diminish the element of compulsion in transforming the structure of agriculture; those which provide bigger incentives to farmers; and those which increase the input of agriculture.

The Abandonment of Forced Collectivization

The importance of applying, in practice, the voluntary principle which, in theory, always regulated the formation of co-operatives was emphasized as follows by the Minister of Agriculture in Czechoslovakia : " It is necessary patiently to convince individual farmers that only large-scale farming aided by modern techniques is able to increase agricultural production and to secure the welfare of the peasants." [1]

In future, individual peasants in eastern Europe are to be permitted to make greater use of the services of machine and tractor stations and are again to be regarded as eligible for credits. Discrimination against *kulaks* is to be milder, and it is emphasized, in the above-mentioned statement by the Czechoslovak Minister of Agriculture, that " in the political fight against *kulaks* we should not forget that our aim is to see to it that *kulaks* can produce on their land ". Peasants in eastern Germany may reoccupy land they had abandoned, while land acquired from *kulaks* or from peasants who have moved to other occupations may be leased by working peasants in Rumania and Hungary. In the latter country, the land recently put at the disposal of individual peasants and co-operatives by the State amounts to 7 per cent of the total arable area; of this, 60 per cent has in fact been taken up by peasants on five-year leases.

Meanwhile, attempts are to be made to ensure that the existing co-operatives shall be organized in such a way as to have a greater appeal to peasants. The pressure to transform loosely organized co-operatives into tightly knit units approximating to the Soviet *kolkhoz* is to be slackened in eastern Germany, and in Hungary and Bulgaria new statutes for the most highly organized type of co-operative have been promulgated which authorize and even stipulate the payment of rent for land, draught animals and equipment brought into co-operatives.

Measures to appease the peasantry seem to have gone particularly far in Hungary, even extending to the abandonment of efforts made to consolidate the scattered holdings of co-operatives and State farms at the expense of the private peasants. Bigger private plots for members of co-operatives were authorized in Hungary, while, on the other hand, the dissolution of co-operatives was permitted after the 1953 harvest and individual members were allowed to withdraw their land even in cases where the co-operatives survived as a unit. The results of this relaxation were considerable as the following figures show :

	31 March 1953	*31 December 1953*
Number of co-operatives	5,310 [a]	4,677
Number of members (thousands) .	335	263
Arable area of co-operatives as percentage of total arable land . . .	25.6	20.0

Sources : *Statisztikai Szemle*, No. 4, 1953, page 263 and *Szabad Nép*, 27 April and 30 December 1953.
[a] December 1952.

Altogether, though Governments have not given up their previous preferences for co-operatives, they appear to be prepared to have a more flexible policy which pays greater attention to the relative costs and returns of different forms of organization. The corollary to these changes is an increase in financial encouragements to co-operatives in order to make it possible for them to show to advantage.

Measures designed to increase Real Income

Farm incomes are to be increased in a variety of ways—by decreases in prices paid by farmers, by reductions in taxation in cash and kind, and by increases in prices paid to farmers.

Farmers have already benefited from the reduction in the retail prices of manufactured consumer goods which took place in the second half of 1953. There have also been some reductions in the prices of goods and services entering into farm costs—fertilizers in Poland and Bulgaria, tools in Albania, selected seed in Czechoslovakia, building materials in eastern Germany, machine and tractor station fees in Hungary, market fees and drainage charges in Rumania. These price falls may be supposed, in general, to have affected co-operatives and individual peasants about equally.[2]

The tax concessions, on the other hand, generally favoured the co-operatives. Tax arrears were remitted in Hungary up to 75 per cent for co-operatives and 50 per cent for private farmers; income-tax rates on peasants were reduced by 15 per cent. In Bulgaria, remissions of income tax arrears were confined to co-operatives and State farms (which, however, cover over a half of the area), and in Albania remissions of tax arrears were designed to favour co-operatives and the poorest peasants. In eastern Germany there was a reduction in current tax rates and, more important, a whole range of tax arrears were remitted : this affected particularly the bigger farmer, who had been subjected to rates beyond his capacity to pay. In contrast, the reductions in tax were proportionately bigger for small and medium peasants than for *kulaks* in Poland. In Rumania, income from sales of crops with a yield per hectare above the assessed norm was exempted from tax, and taxes on small allotments (less than one-quarter hectare) were abolished; all collective farms were granted tax reductions.

---

[1] Statement made before the Central Committee of the Czechoslovak Communist Party. (*Rudé Právo*, 19 December 1953.)

[2] Prices received by farmers from sales on the free market have tended to fall in some countries, but not necessarily their income from this source, as the quantities available increased with the better harvest.

In all the countries, taxation in kind has been reduced by decreases in some at any rate of the compulsory delivery quotas, as well as, in Czechoslovakia and Hungary, by increases in the prices offered for these deliveries.[1] The reductions in quotas were, in eastern Germany, greater for *kulaks* than for other peasants, but this was intended to compensate for the previously extreme discrimination against them. Elsewhere, the concessions were greater for co-operatives than for individual peasants; thus, in Hungary and Czechoslovakia,[2] the reductions were as follows :

Reductions in Compulsory Delivery Quotas

(Percentages)

	Co-operatives	*Private peasants*
Hungary		
Crops	15–25 [a]	15
Livestock	20–30 [a]	15
Wine	25–30 [a]	25
Czechoslovakia		
Grain	31	14
Potatoes	32	22
Vegetables	14	17
Pork	16	13
Other meat	20	16
Milk	26	—
Eggs	42	14

[a] The rates vary according to the type of co-operative and favour the more highly organized variety.

Specially reduced quotas[3] were, however, set in Hungary for the produce of those peasants and co-operatives occupying the so-called " reserve land " (in effect, land sold or abandoned by the owner and so far left fallow), as had been done earlier in the year in eastern Germany. In addition, Hungarian peasants may be supposed to have gained a sense of greater security from the assurances they were given that quotas would be fixed for three years ahead instead of being subject to more or less continuous revision.

Measures designed to increase Input into Agriculture

Some of the measures designed to improve farmers' receipts may be expected also to have the effect of increasing investment in agriculture. Moreover, the changed attitude to private agriculture will clearly push in the same direction. These changes have been supplemented by a number of measures in the fields of both credit and fiscal policy specifically designed to stimulate investment by both private peasants and co-operatives : in this case, too, there is to remain some discrimination in favour of co-operatives.

Increased credits are to be provided for stock-breeding in all countries, for land improvements in Czechoslovakia, for farm buildings in Hungary and Poland. In most cases, co-operatives are to be granted especially favourable terms : in Czechoslovakia, for instance, they will be able to borrow at much lower rates than private farms and the loans will be cancelled on good performance.

That part of co-operatives' revenue which is devoted to investment is to be exempt from taxation in Rumania, as also is the first two years' income of newly formed co-operatives from cattle-breeding or from plantations and orchards, both private and co-operative. The Hungarian Government is offering both tax and quota concessions to those farms which invest in cattle, particularly cows; in Albania, farms without animals are to be encouraged to acquire them and, to this end, are to be exempt from deliveries of meat and wool for three years.

Finally, State investment directly or indirectly benefiting agriculture is in all countries to be increased : in particular, more machinery is to be made available to machine and tractor stations; in most of the countries there is to be a big increase in expenditure on irrigation.

The total of agricultural investment is scheduled to increase substantially during the next few years. In

---

[1] There have also been a number of increases in the prices offered by the State for sales under contract.

[2] In both countries, the reductions were different again for the produce of the private plots of collective farmers : in Czechoslovakia these were of 25 per cent for meat and 20 per cent for eggs.

[3] These are 30 per cent below the normal quotas for crops, and 50 per cent lower for livestock produce.

Rumania, in the years 1953 to 1955 it is to reach a level double that of the years 1950 to 1952; in Poland, it is to increase by 45 per cent from 1953 to 1955; in Hungary, the share of agriculture in total investment is to be doubled.

One of the interesting features of the Hungarian programme is that for the first time for some years provision is made for the supply of increased, though still relatively small, quantities of tools and equipment suitable for small farms.

These increases are relatively large, but agricultural investment in recent years has been low, even if higher than in the 1930's, and maintenance of investment at a high level over a number of years will therefore be necessary if the greater output now required of agriculture is to be obtained.

5. Future Prospects

The long-term plans of eastern European countries [1] implied a substantial transfer of manpower from agriculture into industry. This was designed to meet the labour requirements of expanding industry and to reduce rural overcrowding and lay the basis for a more rational and productive agriculture. The transformation of agriculture from a multitude of small peasant holdings into large-scale State or co-operative farms was regarded as a prerequisite for attaining these aims.

In fact, however, shifts of manpower from agriculture have so far been rather small, and the majority of new recruits to the industrial labour force were formerly unemployed, engaged in handicrafts and less essential occupations or unoccupied outside the home. Though only occasional data are available on the size and distribution of employment, it is known that, in Hungary, these classes provided half of the increase in the urban labour force between 1949 and 1953. In Poland, as may be seen from Table 30, women alone accounted for nearly half of the additional workers recruited into the socialized sector outside agriculture from 1949 to 1951; and they made up half the net increase in industrial employment in Czechoslovakia from 1950 to 1952. The need to augment family incomes because of the pressure on real wages undoubtedly helped to stimulate this movement.

In commenting upon the manpower problems of eastern European countries, last year's SURVEY [2] suggested that, if collectivization was to succeed in raising agricultural productivity and in releasing

---

[1] Czechoslovakia may be an exception, in that its original Five-year Plan called not only for a big increase in the industrial labour force, but also for a small increase in the permanently employed agricultural labour force; the subsequent collectivization drive had, *inter alia*, the explicit aim of releasing manpower to other occupations.

[2] *Economic Survey of Europe since the War*, page 37.

Table 30

EMPLOYMENT IN CZECHOSLOVAKIA, HUNGARY AND POLAND

Millions

		1949	1950	1951	1952	1953
Czechoslovakia :	Mining and manufacturing	1.46	1.57	1.64	1.68	1.74
	of which : women	..	0.50	0.54	0.56	..
	Building and construction	0.27	0.33	0.37	0.42	0.46
Hungary :	Outside agriculture	1.53	1.75	1.90	2.08	..
	of which : in mining and manufacturing	0.50	0.60	0.68	0.73	
	in building	0.10	0.18	0.21	0.28	
	State sector of agriculture	0.10	..	0.19	0.22	..
Poland :	Socialized industry	1.65	2.02	2.20	2.33	2.45
	Building and construction	0.22	0.43	0.58	0.75	..
	Socialized economy outside agriculture	4.0	4.7	5.3	5.6	5.6
	of which : women	1.0	..	1.6	..	..
	Private economy outside agriculture	0.9	..	..	..	..

Sources : See Appendix B.

NOTE. — Average employment for the year in Czechoslovakia and Poland and for the end of the year in Hungary, except for mining, manufacturing and building in 1949-50, for which the figures are yearly averages.

labour to industry, substantial increases would be required in two forms of investment hitherto neglected —buildings, machinery, fertilizers and other requisites for agriculture itself, and urban housing (together with schools, streets, drainage systems and the like) for the new migrants from the countryside.

While the policy changes announced in eastern European countries during the past year assign enhanced importance to these two sectors, there are nevertheless indications that, for the time being, most of the eastern European Governments are counting less than before on a rapid transformation of peasants into industrial workers.

In Poland, the Government appears to favour a temporary slowing down of the rate of growth of towns, and it can be seen from Table 30 that there was, in fact, little if any increase in the labour force outside agriculture from 1952 to 1953. The reason for the change in attitude seems to be that investment in houses and other social capital is already lagging far behind the needs of the present urban population. In Hungary, the Government has explained that, though the new three-year programme of mechanization in agriculture is expected to save the labour of 180,000 persons, those who are displaced will continue to be needed in agriculture as the pattern of production is intensified. The complaint is also made in Hungary that migration of peasants to the towns has already caused difficulties through the failure, for the time being, to cultivate a considerable area of land. In Czechoslovakia, with its reduced post-war population, the shortage of labour has been chronic in the countryside as well as in industry. Eastern Germany faces a special problem in that, though the total population is greater than before the war, the proportion of able-bodied males is smaller; much of the work on the farms is already done by older men and by women, and practically no reserves exist to move into industry. It is a fairly general complaint in eastern Europe that seasonal shortages of farm labour have become more acute with the increased opportunity for employment outside agriculture and the withdrawal from the labour market of landless labourers who have become smallholders.

None of this suggests that, in due time and with the creation of bigger farms and more investment, large numbers may not be moved from rural to other occupations. High density of agricultural population, reflected in low output per man, is a long-standing and basic problem of the region, especially in the southern parts. But it is only in these parts, notably in Rumania and Bulgaria, where the industrial base and new employment opportunities are relatively smaller, that there is at present considered to be a significant and general agrarian over-population in the practical sense that a considerable amount of the labour now in agriculture could be withdrawn from it without increasing the input of other factors of production. It is true that, elsewhere the re-grouping of smallholdings into co-operatives can release some labour even without a great deal of new investment, but it needs to be accompanied by an injection of capital and trained management, both of which are in short supply, to be really effective in saving manpower as well as in raising output. The simpler solution of allowing small peasants, only partly occupied on their present holdings, to cultivate the land of others who find employment in the towns has until recently been more or less ruled out by ideological considerations, though recent statements indicate some modification of this attitude.

At least in the more-developed eastern European countries, the present view thus seems to be that, whereas in the past it was possible to draw heavily upon urban labour reserves, further expansion of the industrial labour force will be more costly because of the increased capital investment required both in agriculture and in urban housing and the like. Further, it may be hoped to obtain, in the short term, the increases needed in food production more cheaply by leaving the peasants relatively undisturbed and better supplied with consumer and investment goods than by forcing the pace in transforming agricultural holdings into large-scale enterprises.

The various changes in policy announced in eastern European countries imply the allocation of more resources either directly to the production of consumer goods or to investment in agriculture, housing and the consumer-goods industries. Such a change in the pattern of resource allocation poses new problems to eastern European Governments. It means that a smaller share of future income can be devoted to the further expansion of the industrial base, while at the same time other factors will probably tend to slow down the rate of growth in production—notably the fact that reserves of plant capacity existing earlier in the post-war period are now more fully utilized and the fact that parts of the economic structure have been allowed to suffer from under-maintenance because of other tasks of higher priority. The assignment of increased resources to consumption seems now to be, however, not only urgent for welfare reasons, but also a recognized necessity for the further growth of industry itself. The choice is thus a difficult one, especially in view of the almost inevitable bias in favour of accumulation on the part of those responsible for running centrally planned economies. On the other hand, it is possible that, in the re-allocation of resources, some relief can be found in two ways : one would be through a decrease in defence burdens, and the other through an increased participation in international trade. More specific information may now be expected on changes in resource use in eastern European countries as their Budgets for 1954 are presented and their plan revisions discussed. The key questions will be the size of investment programmes for agriculture, their distribution between the socialized and the private sectors, the amount devoted to housing programmes and defence expenditure, and the plans made for the expansion of international trade.

Table 31

BASIC DATA ON ECONOMIC LEVELS IN SOUTHERN EUROPE

Position in 1952 or nearest year

	Unit	Turkey	Greece	Yugo-slavia	Southern Italy	Spain	Portugal	Southern Europe	Western Europe [a]	Eastern Europe [b]
Population — Mid-year estimates	Millions	22.0	7.8	16.7	17.6	28.3	8.5	101	225	90
Area	1,000 square km.	767	133	257	123	503	92	1 875	2 636	990
Agricultural area, excluding rough grazing	Hectares per capita	1.00	0.45	0.60	0.45	0.90	0.55	0.70	0.40	0.60
Yield of wheat [c]	Quintals per hectare	10.7	10.2	10.8	10.9	9.3	8.3	10.2	20.9	13.0
Consumption of energy in terms of coal [d]	Tons per capita	0.3	0.3	0.4	. .	0.6	0.3	0.4 [e]	2.8 [f]	1.5
Production of electric power	KWh per capita	50	110	160	210 [g]	330	160	190	1 230	600
of which : hydro-electric power	Percentages	5	—	53	70 [g]	83	89	69	44	. .
Apparent industrial consumption of finished steel	Kg. per capita	14	22	26	. .	22	16	20 [e]	180 [f]	85
Railway lines	Km. per 1,000 sq. km.	10	19	45	50	26	40	24	83	73
	Km. per 1,000 persons	0.3	0.3	0.7	0.3	0.5	0.4	0.4	0.8	0.8
Roads	Km. per 1,000 sq. km.	35	120	190	350	220	300	140	750	. .
Exports	U.S. dollars per capita	17	15	15	10 [h]	14	28	15	117	. .

Sources : *Statistical Yearbook 1952, Monthly Bulletin of Statistics, Demographical Yearbook 1951* (United Nations); *International Financial Statistics,* International Monetary Fund; *Monthly Bulletin of Agricultural Economics and Statistics,* FAO; *Quarterly Bulletin of Steel Statistics for Europe; Annual Bulletin of Transport Statistics 1952* (ECE) ; and national statistics.

[a] Austria, Belgium-Luxembourg, Denmark, Finland, France (including the Saar), western Germany, Ireland, northern Italy, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom.

[b] Bulgaria, Czechoslovakia, eastern Germany, Hungary, Poland and Rumania.

[c] Average of years 1950/51–1952/53.

[d] Including coal, petroleum, natural gas, hydro-electric power and their derivatives.

[e] Excluding southern Italy.

[f] Including the whole of Italy.

[g] Estimates based on total production of electric power in 1952 and regional distribution in 1949.

[h] Estimate of exports to foreign countries.

PART III

ECONOMIC DEVELOPMENT IN SOUTHERN EUROPE

Chapter 5

THE RETARDED DEVELOPMENT OF SOUTHERN EUROPE

European countries can, without undue simplification, be classified in three groups, each of which is characterized by broad similarities in economic and social structure and level of economic development. In the highly industrialized countries of western Europe, the main economic problem is that of securing a continuous high level of employment and a steady progress in productivity. Both of the other two groups of countries, those of eastern and southern Europe, are faced with the need to develop their economies to levels more comparable with those of the highly industrialized countries. But, apart from this similarity in fundamental economic aims, their problems are widely different. There is not only the contrast between centrally planned economies in eastern and free-enterprise economies in southern Europe.[1] In addition, the natural environment, especially climatic and soil conditions, are rather different for the two groups of countries. Thirdly, the historical heritage is different. The Mediterranean region was the cradle of European civilization and some of the southern European countries were flourishing and powerful only a few centuries ago. They are countries of arrested economic development rather than countries which have not been acquainted with modern civilization. This difference in historical heritage has important consequences, for better or worse, for the possibilities of economic development.

There are sufficient reasons, therefore, to treat the countries of southern Europe as one region with broadly similar economic problems, notwithstanding the differences, sometimes very marked, which of course exist between them as to natural conditions, economic history, and the types of economic policy pursued.

For the purpose of this report, the region of southern Europe is defined as comprising Turkey, Greece, Yugoslavia, Spain, Portugal and, in addition, southern Italy. In fact, Italy as a whole cannot meaningfully be grouped with either western or southern Europe. The northern part of the country is at a level of development comparable with that of several western European countries, while the southern part, in sharp contrast, is at a level which is, if anything, even lower than that of most of the other southern European countries. As is discussed in more detail in later chapters, the position of southern Italy as the under-developed half of an otherwise relatively developed country raises very special problems which have no counterpart elsewhere in southern Europe. It must also be stressed from the outset that Yugoslavia has a somewhat particular position within the region because of its radically different pattern of economic policy.

The very concept of economic development is a relative one. When compared with economic levels in western Europe, the southern countries undoubtedly appear as an economically backward region. But their position appears in a somewhat different light when the horizon is broadened to include other continents, where indeed the development problem is of a quite different order of magnitude. Apart from the evident differences in actual levels of income, southern Europe also differs from the under-developed regions overseas in another important respect, by being part of a highly developed continent. Southern European countries are closely connected, geographically, culturally, politically and economically, with the rest of western Europe. Hence, they share, at one and the same time, many of the problems of western Europe as well as those of under-developed countries in other parts of the world. The development problem of southern Europe is thus part and parcel of the problem of European economic integration in western Europe. Indeed, the relationship between southern and western Europe has some analogy—on a much bigger scale—to that between southern and northern Italy. In both cases, a question of closer integration through the equalizing of economic levels is involved, and in both cases an important part of the problem is to find solutions, along the line of expansion, which suit the interests of both regions.

The economic backwardness of southern Europe in relation to western Europe cannot be measured

---

[1] Yugoslavia, here considered as belonging to southern Europe, is of course an exception to this statement.

Tab

STANDARDS OF CONSUMPTION, HEALTH, EDUCATIO

	Turkey		Greece		Yugoslavia	
	1934–38	1951	1934–38	1951	1934–38	1951
CONSUMPTION						
Food (kg. per capita per year)						
Cereals (as flour)	193.2	193.4	163.0	152.3	228.5	185.8
Potatoes	5.9	23.1	12.9	39.3	55.1	51.1
Sugar	7.4	10.1	10.7	10.0	4.5	6.8
Pulses and nuts	10.2	9.4	13.0	15.7	7.2	13.8
Meat	16.7	16.4	19.4	12.4	22.7	20.0
Liquid milk and cheese in milk equivalent	54.2	57.6	127.0	83.7	147.7	123.7
Fats and oils (in fat equivalent)	6.1	9.3	14.4	14.4	6.0	10.3
Fish (loaded weight)	1.2	3.0	12.4	14.1	0.2	1.5
Total calories per day	2 445	2 550	2 551	2 488	3 024	2 700
Percentage of animal origin	9	11	13	9	16	17
Coffee	0.3	0.3	1.1	0.6	0.4	0.1
Tobacco	1.2	0.9	0.8	1.3	0.6	1.0
Textiles (kg. per capita per year)						
Cotton	2.7	2.7	2.9	2.4	2.5	2.0
Wool	1.0	1.0	1.0	1.0	0.8	0.6
Rayon	0.01	0.1	0.04	0.12	0.15	0.4
Electricity (consumption for non-industrial purposes) kWh. per head per year	4	8	9	35	6	19
HEALTH						
Number of doctors per 10,000 persons	. .	3.1	. .	9.1	. .	3.2
Infant mortality (per 1,000 children born alive)	. .	(83) [a]	112	. .	140	140
Number of hospital beds per 10,000 persons	7	11	23	26	18	33
EDUCATION						
Number of pupils per teacher in elementary schools	45	45	. .	47	44	57
Percentage of illiteracy (10 years and above)	80	65	41	28	45	. .
Percentage of children in elementary schools	27	56	. .	90	59	72
Apparent consumption of newsprint *(kg. per capita per year)*	0.5	0.4	1.4	1.2	0.8	0.6
Wireless sets per 1,000 persons	3	22	3	28	9	22
Cinema seats per 1,000 persons	. .	7	. .	13	. .	20
TRANSPORT						
Railway						
Passenger km. *per capita*	61	105	100	96	161	464
Tons-km. *per capita*	67	126	36	32	238	533
Road						
Motor vehicles :						
Passenger cars and buses per 1,000 persons	0.3	0.6	1.6	1.7	0.9	0.5
Motor trucks per 1,000 persons	0,2	0.6	0.9	2.1	0.3	1.2
COMMUNICATIONS						
Inland letters *per capita*	5	6	15	16	19	21
Telephone sets per 1,000 persons	. .	4	6	12	4	7

Sources and methods — See Appendix B.

[a] Malaria-controlled areas on

NSPORT AND COMMUNICATIONS IN SOUTHERN EUROPE

Spain		Portugal		Southern Italy		Italy		France		United Kingdom	
31–35	1951	1934–38	1951	1934–38	1951	1934–38	1951	1934–38	1951	1934–38	1951
146.4	126.0	127.4	127.2	..	..	163.9	153.0	123.7	118.6	94.2	99.4
109.4	..	74.7	138.7	..	..	36.6	38.2	143.2	122.0	78.6	106.2
11.6	9.0	8.7	13.1	3.7	7.3*	7.2	13.1	24.3	24.9	49.1	35.5
21.6	14.0	..	7.5	..	..	22.3	14.8	10.8	5.0	4.3	4.4
28.1	23.0	20.6	14.0	9.8*	8.6*	19.6	16.0	53.0	56.5	64.0	41.0
75.6	68.0	29.0	19.0	..	42.3*	88.3	108.4	149.5	148.1	140.2	197.6
14.7	12.0	13.5	13.1	..	..	11.6	11.4	13.8	13.1	19.9	19.9
12.5	..	34	40	..	..	10.0	12.4	14.7	13.0	21.7	18.3
760	..	2 280	2 465	..	..	2 510	2 485	2 830	2 750	3 125	2 990
15	..	14	14	..	..	15	16	26	28	38	37
0.2	0.2	0.8	1.0	..	..	1.0	1.0	4.5	3.6	0.3	0.8
1.0	1.0	0.3	0.6	0.5	0.6	0.7	0.8	1.2	1.3	1.7	2.2
1.4	1.7	2.3	2.6	..	..	2.1	2.9	4.8	4.3	7.7	7.4
..	0.3	0.7	0.5	..	..	0.2	0.6	2.0	1.4	3.2	2.3
..	0.8	0.4	0.4	..	..	1.5	1.4	0.6	1.7	1.0	2.7
20	36	7	30	21*	54*	38	118	50	103	147	423
..	10.1	..	6.6	..	..	..	12.4	..	8.4	..	17.5
113	68	143	89	125	81	106	67	71	51	55	31
..	43	30	39	29	41	56	80	..	112	..	117
52	35	45	41	43	31	43	28	36	31	31	31
23	..	50	35	39	24	21	11	4	..	..	..
53	50	63	87	69	78	81	84	86	97	95	95
2.3	0.7	0.1	1.4	..	..	1.6	2.3	7	8	26	12
..	22	11	38	13	..	22	80	115	175	181	245
..	71	..	30	..	..	30	73	..	61	..	87
139	259	95	168	..	..	202	446	574	665	701	680
170	249	70	68	..	..	218	240	700	1 075	576	761
4.6	3.6	4.1	8.9	3.2	4.5	6.8	9.3	44	46	43	50
1.6	2.8	2	3.7	0.8	2.7	2.1	5.7	11	19	10	19
32	39	25	26	..	..	62	58	137	97	158	160
11	26	9	20	..	8	14	29	38	60	64	112

Note. — Figures for pre-war refer, wherever possible, to the average of the five years 1934–1938, otherwise to the year 1938 alone. Figures for post-war refer to 1951 e nearest available year. Owing to differences in national definitions, inter-country comparability may sometimes be impaired. For further details, see Appendix B.

with any accuracy. Inter-country comparisons of national income per head are notoriously open to error, in both computation and interpretation, particularly when, as in this case, the comparison is between countries at quite different levels of development.[1] Table 31 (see page 76) therefore gives not a single measure of this kind, but a variety of basic data illustrative of the degree of development in southern European countries in relation to that of each of the other two regions of Europe. In Table 32, levels of consumption and standards of health, education and communications are shown with corresponding figures for France and the United Kingdom added for comparison. These tables give some indication of the characteristic differences among the southern European countries and between them and other parts of Europe.

In agriculture, the backwardness of southern Europe is apparent in wheat yields about one-half the average level of western Europe. As will be seen in a later chapter, the wide difference in agricultural productivity between southern and western European countries is only to a limited extent to be explained by unfavourable natural conditions. Such indicators of modern industrial civilization as total energy consumption, production of electricity and industrial consumption of steel show much wider divergences. It will be noted that the average for eastern Europe, which includes the highly industrialized regions of eastern Germany and Czechoslovakia, is midway between western and southern Europe. It is also highly significant of the economic difficulties of southern Europe that *per capita* commodity exports are little more than one-eighth of the average for western European countries.

The figures for consumption and the other indicators shown in Table 32 are, of course, partly influenced by geography and social habits. In addition, the figures are subject to caution, in some cases, because of the absence of a universally accepted standard of measurement, for instance for illiteracy, and, in the same vein, because of the difficulties of taking quality differences into account. This qualification applies equally to food and textile consumption and to the length of the road network. It must be remembered, moreover, that the figures are national averages which conceal the differences in the distribution of income. These differences, especially between country and town and between various regions of the same country, are more pronounced in southern than in western Europe.

The most simple of these comparisons is that dealing with food consumption standards, both in terms of calories and with respect to differences in the composition of the diets : the southern countries are seen, characteristically, to have high consumption of cereals and low consumption of meat.

All the southern countries, and especially Turkey, have a great deal of illiteracy. However, in every case where a comparison with pre-war years can be made, the situation appears to have improved considerably, and the frequency of illiteracy would unquestionably be much lower if the younger generation alone were taken into account. In all the countries, except Spain, the percentage of children receiving at least elementary school education has risen considerably since before the war. In Turkey, however, despite a great improvement, still no more than half the children —the same share as in Spain—go to school.

Perhaps the most significant among the indicators in Table 32 is the rate of infant mortality.[2] It reflects not merely the extent and standard of medical services but also the levels of nutrition and education. From 70 to 140 of every thousand children die before the age of one in southern European countries ; this is more than double the rates typical of western Europe. As in the case of illiteracy, there is, however, a very clear improvement compared with pre-war rates.

The occupational distribution of the population in southern European countries is shown in Table 33. The lack of economic development is immediately seen in the high share of the population engaged in agriculture. The percentage is between 50 and 55 in Greece, southern Italy, Spain and Portugal, and it comes near to 70 in Turkey and Yugoslavia. This compares with 30 in France and much lower figures in the more industrialized countries of western Europe. In each of the southern countries, the share of the population occupied in agriculture has, however, declined somewhat during the last decades, as can be seen more clearly in Table 34, where an attempt has been made to establish comparable figures for the years 1920, 1930 and 1950.

For the group of southern European countries as a whole, the share of the male population engaged in agriculture is seen to have fallen, over the last three decades, from 65 to 57 per cent. This is a relatively greater decline than in eastern Europe, where the reduction was from 54 to 51 per cent, but much less than in western Europe, where only 21 per cent were in agriculture in 1950, against 29 per cent in 1920. In absolute numbers, the agricultural population in western Europe declined by 20 per cent. By contrast,

---

[1] If only because of the smaller importance of the market economy in the less developed countries.

[2] Owing to differences in statistical definitions, the figures for infant mortality, as well as those for illiteracy, are only roughly comparable as between countries.

OCCUPATIONAL DISTRIBUTION OF ACTIVE MALE POPULATION IN SOUTHERN EUROPEAN COUNTRIES AND SELECTED WESTERN EUROPEAN COUNTRIES

Occupation / Country and year	Agriculture, forestry and fishing	Mining and quarrying	Manu- facturing	Building	Transport, commerce and other services (including utilities)	Unspecified	Total active males		Total males of 15 and above	Total male population
	Percentages							Thousands		
Turkey										
1927	74.5	0.5	5.8	1.1	15.1	2.9	100	3.595	4 160 [a]	6 565
1935	72.8	0.4	9.2	1.7	15.6	0.2	100	4 650	4 445	7 935
1950	66.8	0.8	8.8	1.7	21.6	0.4	100	6 000	6 400	10 550
Greece										
1928 (males)	51.1	0.3	13.4	2.9	22.5	9.7	100	1 970	2 050	3 075
(males and females)	53.7	0.2	13.3	2.1	18.6	12.0	100	2 745	4 210	6 205
1951 (males and females)	55.3	0.4	13.6	2.5	20.8	7.5	100	3 870	5 670	8 040
Yugoslavia										
1931 (males)	74.5	0.6	10.7	1.5	11.6	1.0	100	4 340	4 430	6 890
(males and females)	78.7	0.4	8.8	1.0	10.0	1.1	100	6 480	9 110	13 935
1953 (males and females)	69.2	1.6	10.6	3.2	13.4	2.0	100	8 120	12 020 *	16 925
Spain										
1900	68.3	1.6	8.0	5.0	13.7	3.4	100	5 920	5 860	9 210
1920	60.6	1.9	14.6	3.2	16.2	3.5	100	6 975	6 760	10 165
1950	53.3	1.9	16.4	6.3	20.4	1.7	100	9 080	9 740 *	13 470
Portugal										
1900	65.4	0.2	18.1		14.6	1.7	100	1 755	1 660	2 590
1930	57.4	0.5	12.4	6.3	17.6	5.8	100	1 940	2 145	3 255
1950	54.4	0.9	17.3	6.3	20.8	0.2	100	2 440	2 795	4 060
Southern Italy										
1901	61.5	1.5	15.7	4.5	16.7	0.1	100	4 210	4 080 *	6 270
1931	55.6	1.3	15.8	6.5	19.4	1.4	100	4 505	4 695 *	7 060
1951	50.3	26.5			23.2	—	100	5 025	6 100 *	8 530 *
Italy										
1901	58.8	0.8	17.9	5.1	17.2	0.1	100	11 000	10 520	16 155
1931	49.2	0.9	20.2	7.6	21.3	0.8	100	13 475	13 910	20 135
1951	42.0	1.6	19.9	11.4	25.1	—	100	14 650	16 525	22 770
France										
1951	30	3	27	8	32	—	100	13 400	15 500	20 320
Netherlands										
1947	21	2	32	9	36	—	100	2 925	3 350	4 790
Western Germany										
1950	16	4	35	12	33	—	100	14 125	16 615	22 350
United Kingdom										
1951	6	5	37	9	43	—	100	15 660	17 820	23 415

Sources : National censuses and/or information published or directly supplied by the national statistical offices. For further details, see Appendix B.

NOTE. — Figures refer to the territories of the year concerned.

[a] Thirteen years and above.

Table 34

ACTIVE POPULATION IN AGRICULTURE

Country	Active males in agriculture as percentage of all active males			Active males in agriculture Index numbers, *1950 = 100*		
	1920	1930	1950	1920	1930	1950
Turkey	75	73	67	67	85	100
Greece	54	51	48*	61	75	100
Yugoslavia	77	74	62	99	108	100
Southern Italy	59	56	50	. .	99	100
Spain	61	58	53	87	90	100
Portugal	64	58	54	84*	84	100
Average for southern Europe	65	62	57	85	91	100
Average for western Europe [a]	29	26	21	119	115	100
Average for eastern Europe	54	53	51	96	104	100

Sources and methods : National censuses and/or information published or directly supplied by the National Statistical Offices. When no data existed for the year specified, those for the nearest available year were used. Figures have been adjusted for territorial changes and refer to 1950 boundaries. For further details, see Appendix B.

[a] Including northern Italy and eastern Germany.

in southern Europe, with higher rates of population growth, the increase in urban occupations has been far from sufficient to absorb even the current natural increase in the rural population. Thus, the absolute number of people belonging to agriculture increased by more than 15 per cent for southern Europe as a whole, and in the case of Greece—largely through the influx of Greeks from Turkey—the increase was even much greater.

Thus, despite efforts in all of the countries to promote industrialization, the phenomenon of surplus manpower in agriculture—the characteristic of most under-developed countries—has taken on even more serious proportions. It is not possible to indicate with any precision the extent of the surplus manpower in agriculture. Suffice it to say that in Greece, southern Italy and Spain, the degree of under-employment in agriculture has been roughly estimated to be around one-third. There will frequently be occasion, in the following chapters, to revert to this crucial problem of rural under-employment in southern Europe.

* * *

The treatment of the economic problems of southern Europe which follows is arranged in three parts. First, recent economic development, the present position and plans and prospects are reviewed separately for each of the six countries. The second part deals with the particular problems of development in agriculture, mining and manufacturing industry. The third part discusses, first, some general aspects of internal economic policies—in particular, the overriding question of capital shortage—while a final chapter is concerned with ways and means by which economic development in southern Europe could be accelerated through action on the international plane.

A. ECONOMIC TRENDS AND POLICIES IN INDIVIDUAL COUNTRIES

Chapter 6

TURKEY

From the point of view of long-term economic development, Turkey is undoubtedly in a favourable position in comparison with the other countries of southern Europe. Its natural wealth is very far from having been fully utilized, and despite a rapid increase in population—some 60 per cent in the quarter-century from 1927 to 1952—it can still be said to be sparsely populated.

But it is only in the last three decades that Turkish economic civilization has begun to develop along modern lines. The level of income is still very low and very unequally distributed, whether the comparison is between classes, between the urban and the rural sectors,[1] or between different geographical regions of the country.

The wide variations in levels of income between the different regions of the country can be largely explained in terms of natural conditions. Agriculture, the mainstay of the economy, is strongly affected by the variability, and, in some regions, the scarcity of the rainfall. In addition, the country includes a large area of plateaux and mountains. Hence there are major contrasts between the fertile valleys in the Ægean, the rich Cilician plains in the Mediterranean region, the vast plateau of central Anatolia with its wheat monoculture, and mountainous eastern Anatolia.

Natural limitations, however, cannot explain, except to a very limited extent, the general backwardness of the Turkish economy. Far more important is the dead weight of history. The most important factor in the economic history of Turkey in the last 200 years is that the period of decay of the Ottoman Empire coincided with the Industrial Revolution in western Europe. There had, it is true, already been some sporadic attempts at development, under the Empire, but they were abortive because of the frequent calls to arms of the peasantry, the chronic maladministration and the close association, or even identity, of secular and religious authority. Even more, through the system of " capitulations ",[2] the sovereignty of the Turkish Government in economic matters was severely restricted.

The leaders of modern Turkey have been troubled by some of the attitudes carried over as a legacy from this past. Perhaps the most important has been the deep-rooted mistrust of the administration.[3] Another attitude, not altogether absent from official policy in the inter-war period, has been the suspicion of foreign enterprise, an understandable reaction in view of the experience of exploitation in the days of the Ottoman Empire. The last thirty years, however, have been a period of continuous endeavour to implement policies for higher standards of living. The basis for development now seems well laid and the pace may become even more rapid.

---

[1] The present level of urban incomes is estimated to be about $270 per head, against $125 for rural incomes.

[2] The " capitulations " were special privileges to foreigners. They included franchise, the right to be tried in special courts under foreign jurisdiction and exemptions from, or low rates of, taxation and tariff duties. Under the " capitulations ", foreign banks could operate within the Empire under the laws of their own country, with practically no control by the Ottoman Government.

[3] See Z. Fahri Findikoglu, " Les raisons sociologiques de la réforme financière turque de 1950 ", *Annales des finances publiques*, No. XI-XII, Sirey, Paris, 1951, page 103.

1. Thirty Years of Economic Development

Three main phases can be distinguished in Turkish economic development since the foundation of the Republic. The first phase was that of political and social consolidation from 1923 to the early 'thirties. In the second period, from the early 'thirties to 1950, Government intervention in economic matters became far more important; a general economic plan was adopted, and industry was promoted mainly through State enterprise. A third period began in 1950 when the change in Government inaugurated a decrease in reliance on State enterprise as the means to promote industry, and a greater emphasis on the development of agriculture.

Consolidation and Social Reform (from 1923 to 1933)

The first ten years of the Republic were devoted essentially to the creation of the basic conditions of social and economic progress. A clear distinction was drawn between religious and secular authority, and modern civil, criminal and commercial codes replaced the religious codes which had hitherto formed the body of the law. Other sweeping reforms were the emancipation of women and the adoption of the Latin alphabet. The latter reform not only facilitated the spread of elementary education, but also helped to overcome the seclusion of Turkey from western civilization.

Simultaneously with these reforms, some attempts were made to bring the economy out of its long stagnation. The substitution of a land tax for the old tithe was an essential first step to draw agriculture into the circuit of the monetary economy, and the reorganization of the Agricultural Bank served the same purpose. In industry, two important measures helped to prepare the ground for the more extensive State participation in industry which was to follow. The first was the establishment, in 1924, of the Is Bank, or Bank of Affairs, a semi-public institution whose functions, in addition to ordinary banking, included the creation and administration of industrial and mining enterprises. As early as 1926 the Bank of Affairs was the most important contributor to the development of a relatively new industry—sugar. Second, the few State factories which had been created under the Empire were brought under one common administration in the Industry and Mining Bank.

Apart from these particular measures, however, industrial policy aimed at the encouragement of private enterprise. The law for Encouragement of Industry (1927) gave fiscal privileges to industries, provided free land for the building of factories, and granted tariff exemptions for imports of capital equipment. The law was to remain in force for fifteen years and was to apply to all new industrial enterprises above a certain minimum size. More important was the 1929 revision of the customs tariff. Until that time the tariff protection given to Turkish industry had been exceedingly small, since by the Treaty of Lausanne the Turkish Government had pledged itself for a period of six years not to raise the level of protection beyond that of the mild tariff of 1916.[1]

These measures had some effect, but not sufficient to give much impetus to development. Entrepreneurs hesitated to venture into a market which remained narrow, because of the low productivity in agriculture, and it was becoming increasingly clear that a change in policy would be needed if economic development were to be accelerated. This change was precipitated by the balance-of-payments difficulties, caused mainly by the fall in world raw material prices in the depression, and aggravated by the severe drought in 1932, which reduced wheat output by 35 per cent.

State Enterprise and Planning (from 1933 to 1950)

The depression greatly increased the need for self-sufficiency. Since the bulk of imports consisted of industrial products, this necessarily implied a more rapid rate of industrialization. The second period of Turkish development policies, therefore, was characterized by a heavy emphasis on industry and a strict regulation of foreign trade. But, despite the protection provided by import restrictions, private entrepreneurs continued to shun new industrial ventures and the Government decided to become itself the main industrial promoter.

The method chosen was to set up a five-year development plan, the administration of which was entrusted to the Sumer Bank, a State agency which was to take over the " holding company " functions previously held by the Industry and Mining Bank. The plan aimed primarily at the establishment of industries of national importance based on domestic raw materials. The chief emphasis of the plan was on the textile industries, but provision was made also for the establishment of an iron and steel industry, for pulp and paper manufacturing, and for a further development of the glass and chemical industries.[2] The Sumer Bank was given budgetary appropriations—partly the counterpart of foreign credits—with which to finance these plans, and, in addition, it had itself to equip and operate State factories in each of the specified fields.

As industrialization proceeded, the scope of State enterprise in industry was extended beyond the limits first set by the plan. The promotion of mining was entrusted to a second State bank, the Eti Bank, which revived extinct lines of production or developed new ones, and also took over the whole of the coal mining industry, which had hitherto been in the hands of private enterprise.

---

[1] With the exception of an adjustment to take account of the post-war inflation.

[2] According to the plan, the distribution by industries of the Sumer Bank investments was to be as follows :

	Per cent
Textiles	57
Iron and steel . .	25
Paper and pulp . .	11
Ceramics	2
Chemicals	5
	100

Source : Kemalettin Apak, cevdet Aydinelli, Mehmet Akin, *Turkiyede Devlet Sanayii ve Maadin Işletmeleri*, Izmit, 1952 (State Industrial and Mining Enterprises in Turkey).

During this period, private industry received little encouragement beyond that which had earlier been provided by the 1927 law and the protective effects of import controls since 1930. Agriculture was assisted mainly by the stabilization of prices, especially for wheat, through Government purchase. Attempts were made to develop agricultural techniques, partly through a larger volume of credit from the Agricultural Bank and the agricultural co-operatives under its control, and partly through farm advisory services. Finally, a few large-scale State farms were established to serve as models for agricultural progress. All these measures, however, were of very limited scope.

As a result of this concentration on the expansion of industry, the increase in agricultural output lagged far behind the increase in industry. The war further accentuated the difference between the sectors. War-time mobilization on a large scale resulted in a marked decline in agricultural production and incomes. The serious balance-of-payments difficulties in the early post-war period, and the stimulus to inflation given by the subsequent devaluation, made it clear that a shift in emphasis from industry to agriculture was necessary. This went hand in hand with a tendency to restrict the scope of State enterprise in industry. The shift towards encouragement of private industry resulted from three main considerations, apart from purely political ones. First, budgetary difficulties in any case limited the possibilities of increased Government financing of industry. Secondly, the desire to encourage an influx of private foreign capital argued against further promotion of public enterprise. Finally, it was contended that the reluctance of Turkish industrialists to invest was caused not only by the uncertainties of the international political situation, but also by fear of encroachment by State enterprise upon established industries.

The Neo-Liberal Phase (from 1950)

The main characteristic of the third period, beginning in 1950, has been the unprecedented agricultural boom. The simultaneous increase in the capacity of private industry was of secondary importance.

It is difficult to ascertain to what extent this recent agricultural expansion has been the result—intentional or fortuitous—of Government policy. Production of cereals, which has been one of the main elements of the boom, increased by almost 50 per cent between 1948 and 1953, but, according to some crude estimates, more than one-third of this increase can be attributed to the exceptionally favourable weather. The improvement in yields not explained by weather conditions would account for one-tenth of the increase, and the extension of the area for about one-half. The great increase in the sown area is, without doubt, caused mainly by recent measures of Government policy, especially the assurance of a high price for wheat to the farmers through larger State purchases, and a very considerable increase in credits granted by the Agricultural Bank. A further, though indirect, cause was the extension of the road network. The promulgation of a Land Reform Law for redistribution of State land and of lands left uncultivated in the big estates has been much less important. So far, it has led to only limited redistribution of State lands.

The creation of the Industrial Development Bank was the first important action for the promotion of private enterprise. It is the only bank in Turkey devoted exclusively to long-term private industrial investment; its capital is provided by the International Bank for Reconstruction and Development, by the Is Bank, and by the leading commercial banks and private trading firms, and it enjoys Government support and guarantees. Another move intended to encourage private industrial initiative was to give full publicity to the findings of the Government mining research institute (the M.T.A.) which had hitherto been strictly confidential. The State industries created in the preceding period have not been transferred to private enterprise ; but, on the other hand, no major extension of their number has taken place and investments in these industries have, on the whole, been confined to modernization of the already existing capacity. A recent example of mixed private and public enterprise —still at the planning stage—is the extension of sugar-refining capacity with the joint participation of beet growers, co-operatives and the State.

The turn to liberalism was reflected also in the field of foreign trade. Turkey at first responded warmly to the O.E.E.C. plea for liberalization of imports. However, the relatively modest protection given by the tariff structure in its post-war version, and recent payments difficulties—the effect of a high rate of domestic investment and declining world prices for raw materials—have made it necessary, in 1953, to reverse this policy.

The Results

In retrospect, the record is certainly impressive in terms of aggregates of production and income. According to the estimates shown in Table 35, total national income more than doubled over the period of twenty-three years from 1929 to 1952, which corresponds to an average annual rate of increase of some 3 per cent compounded. The increase in income per head of population over this period was, of course, considerably smaller—an annual average of slightly below 2 per cent.

Table 35

INDICATORS OF ECONOMIC PROGRESS IN TURKEY

Index numbers—1929=100

	Total			Per head of population		
	1938	1948	1952	1938	1948	1952
Real national income	143	174	231	118	123	149
Total industrial production [a]	180	259	335	149	183	216
Large-scale industrial production [a]	252	400	538	208	283	347
Agricultural production	133	144	193	110	102	124

Sources : Based on data in V. Eldem, " Le revenu national de la Turquie ", *Revue de la Faculté des Sciences économiques de l'Université d'Istanbul,* October 1947–January 1948, ninth year, Nos. 1–2, pages 72–118, and data supplied by the Turkish Central Statistical Office.

[a] Including mining and public utilities.

The divergence between the indices of agricultural and industrial production reflects the very active industrialization policy which prevailed until the last three years, and the fact that the indices for total national income are only moderately ahead of those for agriculture is a reminder that the latter is still the predominant sector. Within the industrial sector, the difference between the index of large-scale industry and that of industrial production as a whole reflects the relative stagnation of handicrafts in the midst of industrial progress.

These increases have, of course, been accompanied by marked changes within the sectors. Industries whose output was insignificant in the 'twenties or even in the 'thirties, such as the cement industry, the iron and steel industry, and the chemicals industry, have now become important. The area devoted to industrial crops, such as oil-seeds and cotton, has greatly increased. Striking shifts have occurred in the composition of foreign trade, the share of development goods—transport equipment and machinery—in total imports rising from 9 per cent in 1928 to 33 per cent in 1951, while the share of textiles fell in the same period from 36 per cent to 15 per cent. In exports, tobacco, which made up almost one-third of the total in 1928, accounted for only 17 per cent in 1952, while cereals, negligible in the 'twenties—accounted for nearly one-quarter of total exports in 1952. The importance of mining products also has increased significantly, if less dramatically.[1]

But the structure of the economy has not yet changed, although the foundation for such a change has been laid. Turkey is still a predominantly agrarian country, and the pattern of land utilization is still a primitive one in which cereals account for 80 per cent

---

[1] The percentage distribution of Turkish imports and exports is shown in Tables 88 and 90, Chapter 16.

Table 36

DISTRIBUTION OF ACTIVE POPULATION IN TURKEY, BY OCCUPATIONS

	Thousands			Percentage distribution	
	1927	1935	1950	1927	1950
Agriculture, fishing and forestry	5 579	6 479	8 200	85.0	79.6
Manufacturing and utilities	241	559	600	3.7	5.8
Mining	19	19	50	0.3	0.5
Other [a]	723	883	1 450	11.0	14.1
Total active population	6 562	7 940	10 300 [b]	100	100

Sources : 1927, 1935 : national censuses; 1950 : Estimates based on preliminary figures for the 1950 census, and information supplied by the Turkish Central Statistical Office.

[a] Including armed forces.

[b] This figure differs widely from that published in Statistical Résumés No. 8, Turkish Central Statistical Office, because of adjustments for active children and females.

of the sown area.[1] There has been negligible progress in urbanization,[2] which usually accompanies economic development, and the occupational distribution of the population has hardly changed (Table 36).

---

[1] Sown area is here taken to include arable area less fallow.

[2] According to the population censuses of 1927 and 1950, urbanization has in fact declined rather than increased. In 1950, the share of the population living in towns of more than 5,000 inhabitants was 18.7 per cent, as against 20.3 per cent in 1927. These figures may, however, not be fully comparable. An inflow from the countryside to the towns is said to have resulted from the mechanization of agriculture in the last two years, but there is as yet little statistical information available to give substance to this impression.

2. PRESENT TRENDS IN AGRICULTURE AND INDUSTRY

Agriculture

In view of the predominant importance of agriculture in the Turkish economy and the very wide gap between levels of rural and urban income, the raising of productivity in agriculture is undoubtedly a condition of further economic development. Without an increase in agricultural incomes, the further expansion of industry is bound to be frustrated by the narrowness of its market. An improvement of agriculture is all the more needed because, at best, employment opportunities in the urban sector can be found for only a fraction of the annual increase of the population. In fact, the active population is estimated to increase by some 180,000 a year, which is more than one-fourth of the labour force at present engaged in industry.

The possibilities of increasing agricultural productivity without considerable investment are probably much greater in Turkey than in the other countries of southern Europe. It has been suggested that, even with present techniques and with relatively little irrigation, the area under plough could be further extended by at least 20 per cent. Moreover, a reduction of fallowing could very considerably increase the sown area (Table 37). There is ample scope for the introduction of a better and more intensive rotation system instead of the age-old practice of cereals alternating with fallow,[3] and this could well be achieved with little expenditure on irrigation (particularly by the greater use of artesian wells) and by the use of more fertilizer. This would have to go hand in hand with an increased use of improved seeds, which are now used on only 15 to 20 per cent of the sown area.

Table 37

UTILIZATION OF ARABLE LAND IN TURKEY

Millions of hectares

	1934	1951	1952
Cereals	5.9	8.8	9.9
Fallow	3.7	5.0	5.6
Other	1.1	2.0	2.1
Total arable land	10.7	15.8	17.6

Source : Annuaire statistique de la Turquie.

Such a diversification and intensification of land use is necessary in order to increase the quality and number of livestock. Although somewhat larger than in other southern European countries, the number of livestock in Turkey is far below that found in western European countries.[4] The low output of livestock products is due not only to the very limited production of fodder on the arable land, but also to the mismanagement and over-grazing of pastures, and to the lack of rational cattle-breeding (except on a few model State farms).

Consumption of fertilizer in Turkey is still extremely low, even in comparison with the other southern European countries. The need for fertilizer is all the greater because, in the absence of mixed farming, little manure is available and, of the little there is, a part is stored up for use as fuel in the winter. Present prices of fertilizer are prohibitive for most of the peasants, and when supplies of phosphate become available from the factory now under construction, subsidies may be necessary to promote its use.

The introduction of more efficient agricultural methods is, of course, dependent upon the diffusion of technical knowledge among farmers. This is an immense task in view of the deficiencies in basic education in the rural population, and the vast distances to be covered. Despite remarkable progress in the last thirty years, 55 per cent of the villages had no primary school in 1951–52.[5] The scope of agricultural advisory services has also remained limited, in spite of some progress. In 1952, for instance, demonstrations of fertilizer application were carried out in 577 villages, a respectable achievement, it would seem, but still small in comparison with the total number of villages, which is of the order of 35,000. Also interesting from the point of view of agricultural education are the village institutes, where students are trained both as primary school teachers and as teachers of agricultural techniques and crafts.

---

[3] See also Chapter 12.

[4] See Table 76, Chapter 12.

[5] Turkish Central Statistical Office, Statistical Résumés, No. 7, Ankara, December 1952.

But the poverty of the majority of Turkish peasants is at least as important a deterrent to progress as the lack of adequate knowledge of modern agricultural methods. Two-thirds of the total number of farms are smaller than 5 hectares and only one-tenth have more than 10 hectares of land. In view of the extensive form of agriculture in Turkey and the low yields, such small farms leave hardly any surplus over and above the bare subsistence of the farmers' families, and there is thus little money for improvements which, however profitable they may be, will always require some investment. According to a recent investigation, 15 per cent of the farmers had to rent land for share-cropping in addition to their own farms ; 10 per cent had to work as agricultural labourers ; and 15 per cent supplemented their income by work outside agriculture. About 45 per cent were estimated to have just sufficient land for their needs.

In the last three years, however, an improvement has occurred. The maintenance of a high price for the vastly greater output of wheat has meant a substantial increase in farm incomes, and, in addition, loans from the Agricultural Bank have trebled within the same period. One result of this has been a conspicuous increase in the number of tractors in Turkish agriculture, which has not been confined to the larger farms. By virtue of this increase, Turkey has now a higher number of tractors in relation to the number of active men in agriculture than any of the other southern European countries. But the number of wooden ploughs is still twice as great as that of iron ploughs.[1] Moreover, the spread of mechanization to the smaller farms has resulted in considerable under-utilization of the equipment, both because the size of the farm is often too small for the rational use of a tractor and because of the lack of complementary equipment such as cultivators and seeders. Nevertheless, the recent wave of mechanization has been of considerable benefit to Turkish agriculture. It has helped to make possible the increase in the area under crops, and it also enables the tilling and sowing to be better timed, an important factor under the climatic conditions prevailing in Turkey. Finally, mechanization, by displacing draught animals, enables the number of yield animals to increase.[2]

It can be seen from Table 38 that, in each of the last two years, mechanization accounted for about one-third of the estimated total of agricultural investment. It is likely that the rate of increase in the tractor park will slow down considerably in the coming years and that the emphasis will be laid more on improved tools and accessories. Such a shift in emphasis can be justified not only because it would entail a fuller utilization of the present tractor park, but also on balance-of-payments grounds, since it should be possible for Turkish industry itself to supply some of the tools. Even so, the problem of securing a better utilization of the tractors and other major agricultural machines would remain to be solved. The establishment of machine and tractor stations and co-operative village ownership of equipment seem to be natural answers to the dilemma of mechanization in an agriculture dominated by small farms.

Table 38

INVESTMENT IN AGRICULTURE IN TURKEY

Millions of Turkish liras, and percentages

	Millions of Turkish liras		Per cent
	1952	1953	1953
Livestock [a]	109	119	36
Mechanization	103	100	31
Extension of cultivated area	32	16	5
Buildings	29	21	6
Small irrigation [b]	9	6	2
Other investments	70	65	20
Total	352	327	100

Sources : Data supplied by the Turkish Ministry of Agriculture.

[a] Including improvements of pasture.

[b] Expenditure for large irrigation projects, being part of the public works programme, is not included.

Industry

Industrial capacity is expected to expand considerably in the near future. In cotton textiles, for instance, the number of spindles is scheduled to increase from 440,000 in 1953 to 500,000 in 1954. The number of sugar factories is to be raised from four to fifteen, and production is to increase by 85 per cent within the next few years. The output of cement in 1954 is to be double that of 1953, and production in the leather industry is to increase by one-half. The capacity for steel production is expected to increase by two-thirds within the next three years, and the production of building-bricks is to double in the near future. These impressive increases in output depend, of course, on the completion of investment projects, at present hampered by balance-of-payments difficulties, and on the maintenance of a high level of effective demand.

---

[1] There are 1.9 million wooden ploughs, 0.9 million iron ploughs and 31,000 tractor ploughs. (*Statistics of Agricultural Machinery and Equipment*, Turkish Central Statistical Office, Series M.Y. No. 12, 30 May 1953.)

[2] See *Economic and Social Aspects of Farm Mechanization in Turkey ; a Study by a Committee of the Faculty of Political Science*, University of Ankara, 1953.

Besides the general handicap of capital shortage which Turkey has in common with the other countries of southern Europe, the limitations to industrial growth in the past have been mainly the lack of technical skills, the lack of an entrepreneurial class interested in industrial investment, and the shortage of electric power.

The lack of industrial skills is only one aspect of the generally low level of education. In addition, the labour force tends to be unstable in some branches and localities, partly because many of the industrial workers are peasants who leave their villages for a limited period only. This is of particular importance in the mining districts, but the labour turnover in urban communities is also extremely high.[1]

Concerning the alleged lack of entrepreneurial initiative it is (understandably) a much-debated question whether the existence of State industrial undertakings is an encouragement or a deterrent to private industrial enterprise. Some people contend that the existence of State undertakings—and eventually their further expansion—is necessary both as a substitute for the private spirit of enterprise, where it is absent, and as an encouragement in fields where it can be called forth provided a lead is given by the Government. Others maintain that the very existence of State industries is the main factor holding back private initiative, which would not otherwise be lacking. This whole question of State versus private industry is crucial, since State undertakings account for about as much as private large-scale manufacturing (Table 39). The following remarks summarize some of the elements of the question without attempting to strike a balance which would, in any case, depend on a set of political judgments.

Table 39

MANUFACTURING PRODUCTION BY SECTORS

Percentages of total manufacturing production [a]

	1938	1948	1950	1952
State	18	30	30	29
Large private	31	25	26	28
Small private	34	28	27	26
Home and village . . .	17	17	17	17
Total	100	100	100	100
Index of manufacturing production	100	141	158	170

Sources : Data supplied by the Turkish Central Statistical Office.

[a] The percentages are based on the value of output at constant 1948 prices.

In the past, State undertakings enjoyed considerable advantages over establishments run by private industry.[2] They had easier credit terms and easier access to essential raw materials. On the other hand, State enterprises were in some cases compelled to buy their raw materials, notably cotton, at exceptionally high prices, as part of a Government policy for disposing of burdensome agricultural surpluses. The competitive position of State enterprises versus private industries also suffered—and still suffers—from the fact that wage agreements and social provisions for the workers are more strictly carried out, which tends to increase the costs of manual labour in the State enterprises. In addition, their costs for administrative labour are said to be very high, owing to over-staffing.

Contrary to the rather widespread contention that State enterprises competed unfairly with private industry, their existence is alleged, by other sources, to have encouraged, rather than deterred, private investors, who felt confident that branches which included State undertakings would be assured an adequate protection against foreign competition. It is significant, for instance, that the bulk of private industrial investments in recent years has been devoted to an expansion of the capacity in the textile industry,[3] where State undertakings in 1950 accounted for no less than 50 per cent of total output.[4]

---

[1] In some industrial undertakings in Istanbul, the largest town and that with the greatest reserve of skilled manpower, the turnover of labour, calculated as the ratio of the number enrolled during a year to the average number of workers, varies between 35 and 75 per cent.

[2] Some of these privileges are now abolished.

[3] Textiles accounted for 60 per cent of private investments financed by the recently created Industrial Development Bank. *Annual Statement for the Period ending 31 December 1952*, Industrial Development Bank of Turkey, Istanbul, 1953.

[4] Preliminary results of the 1950 Census of Business and Manufacturing are now available in *Industry and Trade* (Statistical Résumés, No. 10), Turkish Central Statistical Office, July 1953.

More generally, the great demand for loans from the Industrial Development Bank, equivalent to over three-and-a-half times the resources available, and the great expansion in private industry during the last two years, suggest that a deficiency in entrepreneurship is not at present an important handicap to further progress.

However that may be, the share of State enterprise in total manufacturing production will fall with the maturing of private investments now under way. According to present plans, moreover, the Eti Bank investments in the mining sector are scheduled to decline drastically within the next three years, and the funds of the Bank thereby released are to be used partly for financing private development of mining and partly for the execution of the electrification programme. The fall in State mining investment is expected to coincide with an increase of interest in mining on the part of private, mainly foreign, capital, following the application of a new mining law now under consideration. In the case of oil development, to which considerable investment is expected to be devoted within the next few years, special legislation favouring foreign capital is now under way.

It is not likely, however, that State undertakings will be transferred to private enterprise on any significant scale in the near future. Such a transfer was in the programme of the present Government when it took office in 1950, but entrepreneurs have so far shown more interest in setting up their own industrial establishments than in taking over existing Government factories. While an extension of State enterprise to new branches of manufacturing industry is not envisaged by the Government, there may be scope for further joint participation by private and State industry, or for the establishment of State enterprises with the particular purpose of regional diversification.

Power

The inadequate supply of electric power is an important obstacle to industrial progress in Turkey. The low level of electricity consumption is not confined to domestic uses,[1] but extends to industry as well. For the present supply, the country depends mainly on thermal production. A major expansion in industry will entail a corresponding increase in the consumption of coal and of the lignite supplies which are being rapidly exhausted. In order to keep requirements of imported fuel within bounds it is essential, therefore, to develop the hydro-electric potentialities of the country. These have not yet been fully surveyed, but they are generally assumed to be substantial.

The bulk of the proposed increase in hydro-electric power is to come from multi-purpose projects combining the development of the fertile plains of western Turkey with the supply of electricity to the major urban centres. In connection with these projects, it is proposed eventually to have an electricity grid covering the western region. These large-scale investments are to be carried out mainly by the State [2] with the help of foreign credits, some of which have already been granted by the International Bank for Reconstruction and Development. Additional developments of the power resources are to take place under the sponsorship of the municipalities and private concerns.

It is expected that by 1960, when the current projects mature, production will have risen to some 2.5 billion kilowatt hours, as compared with the present one billion.

---

[1] It was estimated in 1948 that only 10 per cent of the population had the benefits of electricity. It is doubtful whether this percentage has risen to as much as 15.

[2] Through the Electricity Department of the Eti Bank. The big Seyhan project in the cotton-growing region of the south, which is being financed partly by an Industrial Bank loan, will be carried out with the participation of local private capital.

3. The Supply and Use of Savings

There has been a remarkable increase in private savings in Turkey during recent years. Savings deposits in the leading banks doubled from 1950 to 1953. Such an increase, however, has been possible only because the rate of increase of incomes at some 7 per cent a year has been exceptionally high. It is difficult to believe that this rate of increase can be maintained over the next few years, since the expansion of agriculture which accounts for the bulk of the rise in income is likely to slow down, not only because of a smaller extension of the cultivated area, but also because weather conditions may not continue to be as favourable as in the recent past.

It is unlikely, however, that the increase in agricultural income and savings has contributed significantly to financing investment outside agriculture. First, little or none of these savings can have been transferred to the Government through taxation, since, with the exception of the cattle tax, agriculture is exempt from direct State taxes, and peasant consumption of articles subject to heavy indirect taxation is very low. Second, to the extent that the rise in agricultural incomes has

Table 40

INCREASE IN GROSS DOMESTIC PRODUCT IN TURKEY BY SECTORS

Millions of Turkish liras at 1948 prices

	Total gross product, 1952 *(Million T. L.)*	Average annual increase, 1948 to 1952 *(Million T. L.)*	Percentage of total increase, 1948 to 1952
Agriculture .	5 800	366	57
Mining . . .	126	9	1
Manufacturing	1 071	59	9
Construction .	518	63	10
Other sectors .	3 213	147	23
Total . .	10 728	644	100

Source: National income data supplied by the Turkish Central Statistical Office.

been accompanied by higher savings, these have been almost completely devoted to the improvement of farm equipment,[1] for which the needs, as already mentioned, are immense.

But, of course, by far the larger part of the increase in agricultural incomes has been currently spent to raise the extremely low standard of living in the villages. There is, in fact, evidence that the wide gap between town and countryside has narrowed a little in these boom years and that some of the commodities hitherto seen only in the urban communities have for the first time come within the reach of the peasant. Thus, consumption of cotton textiles in the areas where the recent increases in production have been most striking is said to have increased from an average of 3 to 10 metres a year, and the type of goods used by the peasants has changed radically, as is indicated, for instance, by the change from earth to brick, and from brick to cement in construction, and from earthenware kitchen utensils to those made of metal.[2]

With little or no savings coming forth from agriculture, the increase in private industrial investment other than that financed by the Industrial Development Bank [3] has therefore had to depend largely on the diversion of trading profits to the industrial sector. Although there has been a marked tendency for this to happen, the attraction of trading ventures as a field for investment is still very high, partly because of a long-standing tradition, and partly because of the lure of high profits from trade in staple raw materials. The prevalence of high profit margins and the highly speculative nature of some lines of export trade, combined with a relatively weak system of taxation, have also given a spur to luxury expenditure, of which building is the outstanding example.

Despite some increase in voluntary savings, the high rate of investment during the recent boom would not have been possible without the substantial flow of American aid,[4] or, more recently, without severe strain on the balance of payments and a mild inflation of the price level. The maintenance of the present high level of investment, in the face of declining foreign aid, will require a considerable increase in exports and in domestic savings, private or public. Some increase in private foreign investment, especially in mining, can perhaps be expected and there may be some possibilities of diverting trading profits from consumption by the creation of a capital market for development purposes, a proposal which has recently been given some attention.[5] Finally, there is the possibility that, as the initial effect of the boom tapers off, the propensity to save of the rural community will increase somewhat. Recent reports that the establishment of bank offices in rural areas is being asked for may be an indication of increasing money savings by peasants.

The prospects for higher private, voluntary savings are thus rather limited. There is, however, considerable scope for higher Government savings through taxation. Tax receipts have increased by only just over 30 per cent in the four years from 1948 to 1952, with the result that the tax burden has hardly increased in spite of the rise in incomes. Tax revenue could probably increase substantially through improvements in the assessment of the new income tax introduced a couple of years ago, and perhaps also by the imposition of higher duties on imports of consumer goods. But perhaps the most important addition to Government revenue could be achieved by applying the income tax to large agricultural incomes. The possibilities, finally, of increasing public investments at the expense of a reduction in the very high defence expenditure [6] depend wholly on political considerations.

---

[1] With the exception of the co-operative sugar undertakings and some investment in electricity.

[2] In some cases, the boom has resulted in a large-scale buying spree, but the purchases of durable consumer goods are still at a low level. Thus, although the number of wireless sets in villages has doubled from 1949 to 1951, the total number (36,000) still means only one wireless set per village.

[3] Loans by the Industrial Development Bank cover about half the investment costs of the projects concerned.

[4] The import surplus of goods and services in 1952 was of the order of 4 per cent of the gross national product.

[5] See *Report on Ways and Means of establishing and invigorating an Equity Capital Market in Turkey to be helpful in the Financing of Private Industrial Enterprises*, by a study group formed at the suggestion of the Industrial Development Bank of Turkey, Istanbul, February 1953.

[6] More than 4 per cent of the gross national product.

The Pressure on the Balance of Payments

The balance-of-payments difficulties which Turkey has been experiencing in the last three years are the result of a staggering increase in imports, which, on the basis of very rough calculations, were in 1952 over two-and-a-half times their 1948 volume, while the increase in exports in the same period was about 80 per cent. Although the improvement in the terms of trade, especially after the outbreak of war in Korea, has helped to make possible a high volume of imports, the gap in the balance of payments has been widening steadily. The growth of imports reflected primarily the large purchases of investment goods, but import liberalization also played its part. For instance, the quantities of passenger cars, wireless sets and cotton textiles imported in 1952 were about double what they had been in 1950.

While imports remained high, Turkey was encountering increasing difficulties in the way of expanding exports, and in the summer of 1953 import restrictions had again to be imposed. The export structure is less vulnerable than that of Greece, but dried fruit and tobacco still account for nearly 30 per cent of total exports, and in the new products in its export trade—wheat and cotton—Turkey has had all the newcomer's difficulties in establishing itself in world markets on an equal footing with the traditional exporters. The lack of a well-established trading system is at least for the time being an impediment to the development of exports in these commodities.

The Allocation of Investment Resources

The shifts in the distribution of investment by main sectors are shown in Table 41. The main change in comparison with the pre-war period is the greatly increased share of total investment now devoted to agriculture. This has not been at the expense of industry, but rather at the expense of State and municipal investments, the relative importance of which has declined. These kinds of investment now account for only one-fourth of the total and they can hardly be reduced without serious repercussions on industry and agriculture. In particular, the road construction programme, which has largely replaced rail construction, is essential for allowing the results of progress to reach as great an area as possible of the vast country. Similarly, within the industrial sector, the investments in electric power are of crucial importance. Some reduction should be possible in luxury-dwelling construction in the building sector, and in passenger cars, but in the final analysis the problem is bound to appear as a choice of the relative emphasis to be given to industry and agriculture.

Table 41

ESTIMATES OF THE DISTRIBUTION OF GROSS FIXED INVESTMENTS IN MAJOR SECTORS IN TURKEY

Percentages

	Annual average 1933–1940	1952
State and municipal [a] . .	40	26
Industry [b]	23	27
Agriculture	11	24
Dwellings	25	16
Vehicles	1	7
Total of above	100	100

Sources : 1933–1940: based on figures in Vedat Eldem, " Le progrès de l'industrialisation en Turquie ", *Revue de la Faculté des Sciences économiques de l'Université d'Istanbul,* No. 1–4, 1946/47, page 74. 1952 : information supplied by Government departments and estimates.

[a] Including rail transport and road construction.

[b] Including investments in State enterprises and in electricity.

The political element in the choice is, of course, very strong. The recent increase in rural incomes has taken place at the expense of the tax-paying urban communities, since the marketing of the export crops, notably wheat, has to be subsidized by the State purchasing agency. The justification for continued emphasis on agriculture lies in the desirability of a rise in agricultural incomes in order to narrow still further the gap between country and town, and in the fact that further industrialization will necessarily call for a continuous improvement of food supplies both in quality and in quantity. Conversely, the successful growth of industry depends on the maintenance of a high level of demand in the rural areas. In any case, the present pattern of investment where industry and agriculture account for about equal shares of the total appears to be far more suitable to the structure of the Turkish economy than the pattern of the pre-war period, when the share of agriculture was less than half that of industry.

The Balanced Development of the Economy

Although the gap between country and town has narrowed somewhat, as previously mentioned, the differences in income levels between regions continue to be very pronounced (Table 42), and there is ample scope for co-ordinating investments in such a way as to diminish these contrasts.

An important step in integrating the economy has already been made by the remarkable expansion of the road programme. The increase of the road network

Table 42

TURKEY : INDICATORS OF REGIONAL DIFFERENCES

Region [a]	Wireless sets per 10,000 inhabitants in 1951		Motor vehicles per 10,000 inhabitants 1951	Percentage literacy 1950 [d]	Density of population per sq. km
	Villages [b]	Towns [c]			
Western Anatolia and Thrace	134	822	28	49.6	44
Central Anatolia	34	655	17	35.0	23
Mediterranean	33	416	20	29.2	25
Black Sea	19	535	10	25.4	44
Eastern Anatolia	9	283	6	21.3	18
Total . . .	50	635	17	34.6	27

Sources : **Wireless sets and motor vehicles :** *Annuaire statistique de la Turquie* 1952; **literacy :** Statistical Résumés, No. 8, Central Statistical Office ; **density of population :** based on *Structure et production agricoles*, Publication No. 329, Office central de Statistique, February 1951.

[a] For a delimitation of regions, see Chart 8.
[b] Including communes.
[c] Including districts.
[d] Calculated on the basis of the population of 7 years of age and over.

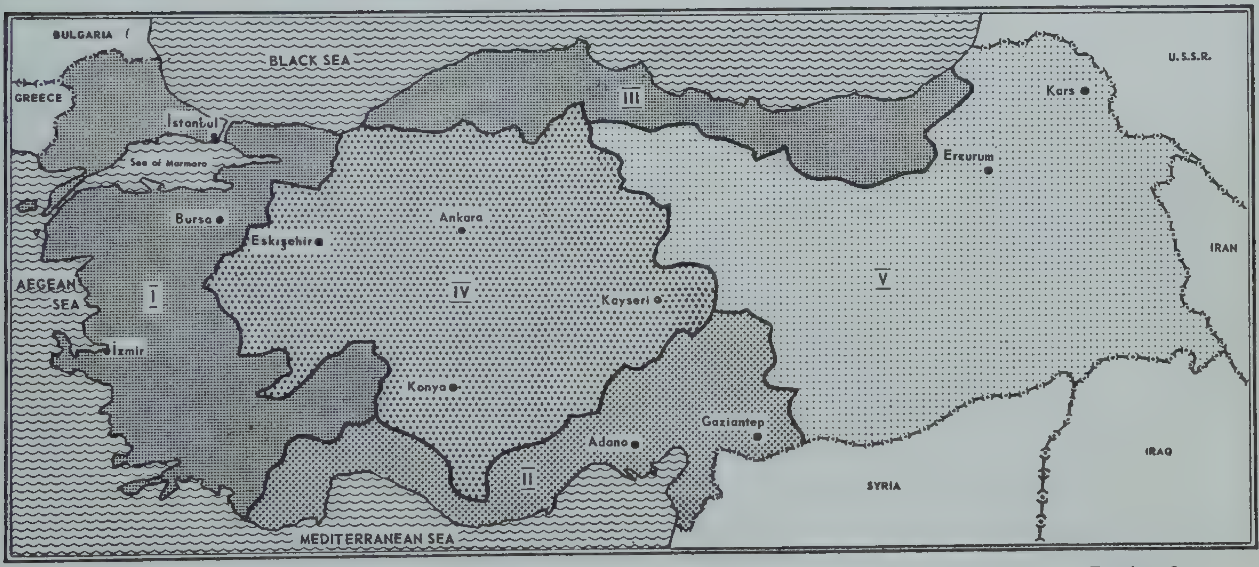
allows the opening up of hitherto unexploited resources.[1] It has contributed to the rise of new centres such as Konya and Eskişehir and, by increasing the scope of the money economy, it affects the rural areas in much the same way as the transport revolution in western Europe in the second half of the nineteenth

---

[1] Particularly great results in agricultural production are to be expected from the extension of roads to the plain of Muş (south of Erzurum in eastern Turkey). This region is very fertile, but has hitherto been little exploited, because of its isolation.

Chart 8

MAJOR ECONOMIC REGIONS OF TURKEY



			Density of population per sq. km
I	▨	Western Anatolia and Thrace	44
II	▨	Mediterranean	25
III	▨	Black Sea	44
IV	▨	Central Anatolia	23
V	▨	Eastern Anatolia	18

century. In the greatly extended road programme, the share of village roads has increased from 10 to 27 per cent, which shows a recognition of their importance for the marketing of agricultural products. In the same way, the extension of the activities of the State purchasing agency to the village level and the plan to spread the new sugar refineries throughout the country show an awareness of the necessity to narrow the gap between economic levels in different parts of the country.

But these efforts for decentralization have so far hardly been extended to manufacturing industry, apart from the case of sugar factories just mentioned. The bulk of the extension of industrial capacity continues to be concentrated in the western regions, which have always been richer than the rest of the country and where the recent increases in income have also been concentrated. Likewise, the electrification programme, as already mentioned, has been largely confined to the more developed part of the country.

Chapter 7

GREECE

1. Introduction

Natural and historical factors together have made Greece highly dependent on the outside world. The country is dominated by the sea : 21 per cent of its total territory consists of islands, and natural harbours are abundant. Owing to the mountainous nature of the country, only one-fourth of the area is cultivable, and the problem of rural surplus population has been almost constantly with Greece since the days of antiquity, when the City States, largely dependent on trade, found an outlet for excess population in the foundation of Greek colonies throughout the Mediterranean region.

The traditionally outward orientation of Greek initiative, and the maladministration and neglect to which the country had been subjected in previous centuries, have resulted in a marked under-exploitation of such limited natural resources as it has. The century from the liberation of Greece until the end of the Greek-Turkish war in 1922 was a period of political instability and very slow economic progress, in sharp contrast to the rapid development in western Europe. Some change occurred, it is true, towards the end of the 19th century, when economic initiative by the Government was responsible for major works such as the Corinth Canal and the first railway system. More significant for economic development were the imposition, at the turn of the century, of a customs tariff and the attempt to relieve the extreme poverty of the peasantry by two agrarian reforms. But, on the whole, the effects of these early initiatives were limited.

At the end of the Greek-Turkish war, the economy of the country was in a state of exhaustion. The rural population was pauperized[1] and the capacity of industry was quite insufficient to absorb the influx into the towns, and particularly into Athens. Emigration, which had been particularly important in the first decade of the century, was now limited by restrictions in most receiving countries, and at the same time Greece had to absorb over one million refugees, representing an addition of some 20 per cent to the population. It was natural, in these extremely difficult conditions, that a more interventionist economic policy came to be adopted and, since then, Government encouragement to economic development has been almost continuous, although varying in scope in different periods. On the eve of the second World War, serious economic progress seemed at last to be under way.

Policies and Achievements in the Inter-war Period

The main effects of economic policy in the inter-war period were increased self-sufficiency in industrial goods and some improvement in the extremely low standard of living. The policies were not conceived as parts of a long-term development plan, but were rather in the nature of short-term measures, mainly in response to changes imposed from abroad.

The principal external influence was the influx of refugees, which inspired a thorough redistribution of land. It has been estimated that 60 per cent of the cultivable area and 40 per cent of pastures were redistributed between 1923 and 1938. This provided land for half of the refugees, while the other half added further to the overcrowding in the towns. Industrialization was universally accepted as the answer to the urban employment problem, and the first important measure in this direction was the customs tariff of 1926, which gave heavy protection to the existing industries.

The next external shock was the great depression. The volume of foreign trade fell by one-half, and receipts from shipping and remittances from emigrants also declined sharply. The depression further reinforced the desire for self-sufficiency, this time not so much through active industrialization but rather through increased agricultural production so as to reduce the dependence on food imports.

The most important development was probably the great increase in the land improvement works. These had been begun about the turn of the century, with the aid of foreign capital, but in the 'twenties progress had been slow. In addition, financial aid to farmers was organized by the establishment of the Agricultural

---

[1] It was estimated in 1920 that the lands of 1,422 villages out of the 2,658 in Thessaly, Macedonia, and the Epirus, belonged to large proprietors.

Table 43

AREA AND YIELDS OF SELECTED CROPS IN GREECE

Area in thousands of hectares and yields in quintals per hectare

	1927–29	1935–37	1937–39	1939–49	1950–52	1953	Index numbers— *1927–29 = 100*	
							1950–52	1953
Wheat— Area	513	846	890	805	928	964	181	188
Yields	6.6	8.2	10.6	9.1	10.1	14.5	153	220
Maize— Area	194	253	278	246	251	253	129	130
Yields	7.4	10.4	9.6	9.8	8.9	11.0	120	149
Tobacco—Area	95	95	88	76	91	97	96	102
Currants—Area	61	65	66	48	48	48	79	79
Rice— Area	—	1	3	5	17	20	. .	. .
Cotton— Area	15	60	75	48	84	90	560	600

Sources: International Yearbook of Agricultural Statistics, IIA, Rome; *Yearbook of Food and Agricultural Statistics*, FAO; and *Food and Agricultural Statistics*, O.E.E.C., Paris.

Bank,[1] by strengthening agricultural co-operation—mainly for credit—and by price guarantees and State purchase for agricultural products.[2]

The aid given to industry, on the other hand, was sporadic and indirect. After the introduction of the new tariff there had been some legislation for the promotion of specific industries, for instance for the protection and encouragement of the carpet industries, and of industry generally by provisions for preferential treatment of home supplies in Government contracts. The most effective help given to industry was, however, the increased protection against foreign competition by the reinforcement of the 1926 tariff and, from 1931 onwards, by severe quantitative import restrictions.

The effect of the relatively great attention paid to agricultural development was that agricultural production increased almost as much as industrial production, in spite of the initial weakness of the latter. From 1928 to 1939 the increase in the volume of gross output was some 80 per cent for both sectors. The most important increase in agriculture was in wheat output, which rose by 175 per cent from 1927–29 to 1937–39, as a result of a 75 per cent increase in the area sown, and an increase of more than 50 per cent in yields. Cotton was the most important of the new crops and, on the eve of the second World War, nearly all the raw cotton requirements of the important Greek textile industry were supplied from home production. A start was also made with rice-growing (Table 43).

The most notable increase in industrial production was in electric power—mainly thermal—of which production rose from 70 million kWh. in 1929 to 271 million in 1938. Among other expanding branches of industry, chemicals, cement and small arms and explosives made a modest contribution to exports. Textiles continued to be the leading industry, with a share in the total output of manufacturing increasing from 28 per cent in 1928 to 38 per cent in 1939. The engineering industry was prevented from establishing itself firmly by the lack of adequate protection, and this was an important obstacle to the expansion of industry in general. The rate of growth of industry was not sufficient to absorb the continued increase in the urban population which had started with the influx of refugees. The percentage of the population living in urban communities increased from 27 in 1920 to 33 in 1930 and 37 in 1940.

The increases in agricultural and industrial production were reflected in a very considerable change in the composition of imports. The share accounted for by food fell from 39 per cent in 1928 to 29 per cen in 1938, and the share of textiles fell from 15 to 6 per cent, while imports of machinery and raw materials increased. The export structure showed little change, with tobacco and raisins still accounting for 70 per cent of total exports, but the structure of the balance of payments altered considerably as the result of a sharp decline in shipping receipts and emigrant remittances during the depression, and of a marked reduction in the inflow of capital—by comparison with the 'twenties—with the ending both of the official loans for reconstruction and refugee settlement and of imports of private capital.

---

[1] Only 5 per cent of the credit granted by the Agricultural Bank, however, was for long-term purposes; the bulk of it was short-term credits, often with the coming harvest as collateral, and was intended to tide farmers over seasonal illiquidity.

[2] Government purchases of wheat increased from 2 per cent of total production in 1928 to 29 per cent of production in 1939. The total saleable surplus is estimated to have been of the order of one-third of production. The domestic price of wheat in 1939 was twice the price of delivered foreign wheat.

Post-war Reconstruction

Greece suffered heavier economic damage during the war than most other European countries, both in the form of physical destruction and through disorganization and starvation. The Civil War, from 1947 to 1949, added further to the task of reconstruction and gave Greece a late start in economic recovery.

The losses of industrial and other physical capital were very heavy. According to one estimate,[1] one-quarter of all dwellings and 90 per cent of the rolling-stock were lost. Livestock numbers were reduced by over one-half and the irrigation systems suffered heavy damage, either directly or through neglect.

In addition to the material losses, the war had three further lasting effects. First, the years of starvation brought a drastic fall in health standards; second, the inflow of people into the towns, and particularly to the Athens-Piræus conurbation, was further swollen by refugees from the war-stricken regions; third, confidence in the currency was severely shaken by the hyperinflation of the last two years of the war, and by the further increase in prices which took place afterwards (and which has continued until the present time).

The attempts to combat inflation which were made throughout the reconstruction period included the sale of gold by the Bank of Greece—a rather costly measure [2]—and selective restriction of imports and credit in order to encourage the supply of key commodities and to ensure the best utilization of foreign aid. But these control measures were largely ineffective both because of administrative shortcomings, which gave considerable scope to speculation, and because excess demand continued to accrue from the budget deficits, caused partly by heavy military expenditure for the Civil War and partly by a disorganized tax system.

As was to be expected, the persisting inflation accentuated the inequality of income. Some 33 per cent of the national income is obtained by the business and professional classes, and while profits in industry, and not least in import trade, continuously were increasing, the real earnings of workers in 1949 were at about three-quarters of their pre-war level.[3] The taxation system has done little to reduce the inequality. It has been estimated that, while the incomes of the industrial and commercial classes have at least doubled since the war, the total taxes paid by these classes have increased only slightly, with the result that their tax burden has been almost halved.[4]

Present Standards of Living and Utilization of Resources

In spite of the considerable increase in production since the end of the war, consumption levels have still not reached the standards of the late 'thirties. The decline is particularly marked in food consumption, which was low before the war, not only by western European standards but also in comparison with other Balkan countries. This is especially true of meat, of which annual consumption is at present 13 to 14 kg. per head against 20 kg. in the years 1935 to 1938. Total daily food consumption is only about 2,500 calories per head.

The decline has not been confined to food. Consumption of textiles and footwear is also below the pre-war level, and the fall in the already low standards of housing is estimated to be of the order of 25 per cent. This deterioration is due partly to war damage and partly to displacement of the population, with excessive influx into the towns and crowding of refugees in slum areas.[5] On the other hand, there has been an increase in some items of collective consumption such as health and education, although these services are still far short of requirements. Finally, high consumption of some luxury items reflects the increased inequality of income brought about by inflation.

---

[1] See C. Doxiadis, *Such was the War in Greece*, Reconstruction Publication Series, No. 5 b, Ministry of Co-ordination, Athens, 1949.

[2] The value of gold sold to the public by the Bank of Greece equalled the following percentages of the value of commodity exports :
1947 : 5; 1948 : 8; 1949 : 5; 1950 : 18; 1951 : 12; 1952 : 5.

[3] According to figures in X. Zolotas, *Nomismatikon Problema kai Hellenike Oikonomia* (The Monetary Problem and the Greek Economy), Athens, 1950, page 18.

[4] The effective rate of taxation of the business and professional classes has been estimated to be about 4 per cent (K. Varvaressos, *Report on the Greek Economic Problem*, International Bank for Reconstruction and Development, Washington, February 1952, pages 42 and 54).

[5] It has been estimated that, in the refugee districts, 64 per cent of the houses have no kitchen and 92 per cent no lavatories. 82 per cent of the houses consist of one room only, inhabited, on the average, by 3.2 persons. In 18 per cent of the houses there are more than 5 persons per room.

It can be seen from Table 44 that even this low level of consumption expenditure together with Government expenditure on goods and services (of which defence takes a major share), was almost equal to the gross national product in 1948 and 1949, and in 1952 and 1953 still accounted for no less than 92 per cent of it. Thus, investment, which reached a fairly high level in 1950 and 1951, had to be covered by the foreign deficit, made possible mainly by American aid, and, in the years up to and including 1951, amounting to as much as 15 per cent of the gross national product. The sharp decline in foreign assistance since 1951 has been reflected in a sharp decline in the rate of investment.[1]

Thus, Greece has in the last two years been faced with the necessity for reducing even the absolute volume of investments at a time when the level of consumption was still below pre-war standards. To gauge the seriousness of this, it must further be remembered that an exceptionally high rate of investment is necessary in view of the employment situation and the housing shortage. Unemployment in the industrial sector is estimated to be somewhere between one-third and one-quarter of the labour force actually engaged in industry, and disguised unemployment in the countryside is estimated to be close to 40 per cent of the population actively engaged in agriculture. To absorb even part of these surpluses requires basic changes in the structure of the economy which cannot be effected without a high rate of investment, and, in addition to the directly productive investments, there is an immense need for non-productive investments, mainly in housing. The present rate of new construction does not cover more than one-half of what would be necessary to take care of replacement needs and growth in population; and any improvement in the standards of housing cannot take place until there has been a reduction in the backlog caused by war damage, and, more recently, by the earthquake disaster in the Ionian Islands, in which more dwellings were destroyed than are constructed annually in the whole of Greece.

Table 44

GROSS NATIONAL PRODUCT
AND EXPENDITURE OF GREECE

Biennial averages

	1948/49	1950/51	1952/
Gross national product at constant prices *(1948–49 = 100)*	100	117	127
Percentage distribution of national expenditure :			
Government consumption	14	14	15
of which : defence	..	..	8
Personal consumption	84	81	77
Total current expenditure	98	95	92
Gross investment at home	17	20	15
Import surplus of goods and services .	−15	−15	− 7
Total national expenditure (= gross national product)	100	100	100
Gross national saving	2	5	8

Source : Based on data supplied by the Ministry of Co-ordination, Athens.

2. The Balance of Payments

The extraordinary difficulties which Greece has been experiencing in its balance of payments since the end of the war reflect two basic weaknesses in its structure of foreign trade : the extreme concentration of commodity exports on a few semi-luxury products and the dependence on invisible receipts of a highly fluctuating nature.

The relative importance of invisible receipts can be seen from Table 45. In the post-war years they have amounted to as much as three-quarters of the receipts from commodity exports. The item " donations ", which are mainly remittances from emigrants, represents no less than 40 per cent of all invisible receipts. This item is highly sensitive to fluctuations in economic conditions in the countries from which the remittances originate. During the depression of the 'thirties, for instance, the amounts transferred by emigrants to their relatives in Greece fell by 80 per cent in four years. In addition to fluctuating with general economic conditions, however, emigrants' remittances have shown a downward trend owing to the fact that most of the trans-oceanic emigrants left the country some forty or fifty years ago, while net emigration in the inter-war period was very small. Old family ties are gradually being severed and, even if some increase in the rate of emigration takes place in the

---

[1] From 1950/51 to 1952/53 the volume of private fixed investment decreased by 7 per cent and that of Government fixed investment by 35 per cent.

Table 45

GREECE : BALANCE OF PAYMENTS ON CURRENT ACCOUNT

Millions of dollars

	1938	1948	1950	1952
Receipts				
Commodity exports (f.o.b.)	94	89	85	120
Services and private donations	57	56	56	86
of which : transport	.. [a]	18	23	31
foreign travel	7	7	5	13
donations	24	11	14	29
Reparations	—	6	28	27
Foreign aid	—	197	266	105
Total current receipts	151	348	435	338
Payments				
Commodity imports (f.o.b.)	121	337	353	318
Other current payments	34	82	96	64
of which : transport	11 [a]	55	56	37
foreign travel	4	4	7	7
investment income	8	3	4	3
Total current payments	155	419	449	382

Source : Balance of Payments Yearbook, International Monetary Fund, and various reports of the Greek Government.

[a] The figure given for transportation payments in 1938 is net and therefore not comparable with data shown for the post-war years.

future, this can hardly be sufficient to reverse the downward trend of receipts on this account.[1]

Earnings from shipping fluctuate hardly less than emigrants' remittances, especially since the Greek fleet consists largely of tramp steamers for which demand is highly volatile.[2] Greek shipping receipts could of course increase considerably if all the Greek-owned ships now flying foreign flags were to return to Greece, but the prospects of this happening on any large scale are remote, in view of the powerful advantages which foreign flags can offer to Greek shipowners.[3] Flying the flag of Panama, for instance, gives them the advantage of extremely low rates of taxation and of social security payments far below those required by the well-developed Greek system. Moreover, they have complete freedom to employ labour of any nationality instead of organized Greek seamen, and they have easier access to credit from United States banks. Finally, many Greek ships are flying the flags of the United Kingdom, the United States, or Canada, because this was made a condition for the purchase of the ships with financial assistance from the Governments of these countries. Some improvement may perhaps be expected from the recent legislation which gives ships returned to the Greek flag the exceptional favour of being treated as foreign capital in matters of taxation.

Among the invisible items tourism, perhaps, offers the greatest possibilities. The historical appeal of the country, the beauty of its landscape,[4] and its climate, give opportunities for Greece to benefit much more than has hitherto been the case from the increase in world travel after the war.[5] For this to happen, however, considerable investments are necessary, especially if the provinces are to benefit from an increased flow of foreign tourists.

The concentration of Greek commodity exports on relatively weak products is illustrated by the importance of tobacco and vine fruit in their total. The former accounted for 45 per cent of total exports in 1951 and 1952 and the latter (grapes, currants and raisins) for a further 21 per cent. The quantities of these products exported in recent years have failed to reach even the low level of the last years before the war. To some extent this failure has been due to factors working inside the country, such as the pressure of inflation on costs and prices, the quality deterioration caused by the system of subsidies, and the insistence, for employment reasons, on a high degree of local processing for Greek tobacco exports, the result of which has been to make Greek products less widely acceptable and so more vulnerable to increased competition from the United States, the Commonwealth suppliers and Turkey. In addition, however, external causes have weakened Greek exports considerably; most important of these is the marked, but perhaps only temporary, shift in consumer preference from oriental towards American-type tobacco and, for currants and raisins, the stagnation in world trade due to the increasing possibilities of international trade in fresh fruit, regardless of season, brought about by modern techniques of conservation and transport.[6]

---

[1] The Greek balance-of-payments estimates show a very considerable increase in remittances from 1949 onwards. This increase, however, is likely to be mostly illusory, since a considerable part of the remittances from emigrants which in the past were either in kind or were dispatched through irregular channels, are now transferred through normal banking channels.

[2] The Norwegian time charter index, which may be taken as roughly indicative also of the conditions for Greek shipping, trebled from 1950 to 1952 and fell back to the 1950 level in 1953.

[3] A return to the Greek flag of all ships owned by Greek citizens would raise the position of the Greek merchant fleet from the tenth to the third place in the world.

[4] Greece's wealth in this respect has increased with the incorporation of the Dodecanese after the war.

[5] The number of tourists visiting Greece in 1952 was only 70,000 (including 16,000 Greeks from abroad), whereas the corresponding figures for Spain and Italy were 1.5 millions and 6 millions respectively. See *Annual Bulletin of Transport Statistics 1952*, ECE.

[6] For further discussion of export markets for southern European tobacco and vine products, see the Appendix to Chapter 16.

Although the position for the traditional Greek exports may improve with the revision in subsidy policies and with the spur recently given by devaluation, the fundamental weaknesses are likely to remain : major increases in the volume of commodity exports will have to depend on other sectors such as mining products and perhaps some items of manufacturing where an increase has already taken place.

Even if some improvement of exports is possible, the balancing of the foreign accounts will almost certainly require savings in payments to the outside world. But major economies in imports are not possible without substantial increases in home production, since the role of non-essential items in the import bill is relatively small. Of total imports, no less than 30 per cent are accounted for by food, 40 per cent by fuels and raw materials, including chemicals and fertilizer, and 15 per cent by machinery and transport equipment. Thus, a reduction of the import bill, now as in the 'thirties, calls for an expansion of the output of both industry and agriculture.

3. Possibilities of Agricultural Expansion

Although over one-half of the active population is engaged in agriculture, and although the levels of food consumption, as mentioned, are extremely low, Greece is far from being self-sufficient in foodstuffs. Export crops, it is true, account for an important share of the agricultural land, the total area of which is small in relation to the population, but, nevertheless, the main fact to explain the continued dependence on food imports is that the productivity of Greek agriculture is among the lowest in Europe.[1]

The low productivity of Greek agriculture is conditioned to a considerable extent by the same natural factors which handicap agriculture in other southern European countries. The scarcity of rain in the summer has led to a concentration on deep-rooted, drought-resisting plants such as olives, grapes and tobacco. In addition, the soil is poor, not least owing to centuries of mismanagement : soil-exhausting methods of cultivation, and the erosion caused by lack of water control, over-grazing, deforestation and the ploughing of hillsides.

The method of dealing with the population pressure on the land has created an agrarian structure which is now a further hindrance to an increase in output. The agrarian reforms of the inter-war period were governed by the aim of increasing employment in agriculture rather than by that of achieving the greatest possible output from the scarce land resources. Much of the land which was distributed through these reforms had hitherto been uncultivated, and the immediate impact of the reforms was to increase output. But the excessively small average size of the newly established farms not only reduces the marketable surplus but, in the longer run, also hampers the application of modern methods of farming to increase output per unit of land. Although the number of farms below one hectare has declined somewhat since 1929, the situation in 1950 was still that more than 50 per cent of the land belonged to farms below 5 hectares (Table 46) and the average size of all farms was no more than 3.3 hectares, which is lower than in any other European country. In the long run, such excessive partitioning of the land defeats its own purpose of increasing employment opportunities, since the rate at which urban employment can be created is largely governed by the marketable surplus of food which agriculture can provide.

Table 46

LAND DISTRIBUTION IN GREECE,
1929 AND 1950

Size of farm *(Hectares)*	Number of farms *(Thousands)*		Per cent of total area
	1929	1950	1950
0.1 – 1.0	359	277	*7*
1.1 – 5.0	472	573	*47*
5.1 – 20.0	111	140	*34*
20.1 – 50.0	8	5	*4*
Over 50.0	3	1	*8*
Total	953	996	*100*

Sources : 1929 : Based on data in *Annuaire statistique de la Grèce 1936.* 1950 : Preliminary results of agricultural census as quoted by Ch. Evelpides in *E Chronia Gheorgike Krises tes Hellados* (The Chronic Agricultural Crisis of Greece), Athens, 1953.

The problem of excessive partitioning of the land is further aggravated by the fragmentation of each farm into separate plots.[2] On the other hand, Greek agriculture, being dominated by farmer-owners, is free of the vicious social problems involved in share-cropping and other precarious forms of land tenure.[1]

---

[1] The food deficit in foreign trade decreased markedly in the crop year 1952/53, when the weather was exceptionally favourable.

[2] The degree of fragmentation is continuously increasing. At present, the average number of separate plots per farm is between 6 and 9, while in Crete and the Epirus it varies between 10 and 18.

Although the inter-war period was one of rapidly increasing agricultural output, and in spite of the institutional obstacles just mentioned, there appears still to be great scope for increased output, both by improving the methods of farming through increased use of fertilizer, improved seeds, and more rational rotation systems, and by increasing the land resources through investments in irrigation and draining.

Of these measures, the most urgently needed seems to be a greatly increased application of fertilizer. According to some investigations, 80 per cent of the soil is starved of nitrogen, and the poverty in phosphorus is even more marked.[2] The nitrogen deficiency is not made good by the grazing of sheep and goats, since mixed farming is very limited, and because manure is dried during the summer for use as fuel in winter. Even in those areas where rotation with leguminous crops is practised, this does not add much to the nitrogen supply, since there is little " turning under ". Experiments with nitrogen have shown that it is possible to double wheat yields even in areas with particularly rich soils. Owing to a substantial fall in the crop/fertilizer price ratio, the consumption of nitrogenous fertilizer has recently increased to 30,000 tons, but, even so, it covers no more than half the minimum requirements.[3] The continued low consumption of fertilizer has been due to the shortage of foreign exchange, although it would seem that few other commodities can claim to be of greater importance. Current plans, however, do provide for a considerable addition to the capacity for domestic production of fertilizer.

The use of improved seeds has become widespread in recent years, but here, too, there is considerable room for further improvement, since at present only 40 per cent of the cotton and 60 per cent of the wheat sown is of improved varieties. Major improvements are also expected from the increased use of hybrid maize, whose yields are 30 to 50 per cent higher than those of the local varieties.

An improvement in agricultural techniques—including a more rational pattern of rotation, which makes possible the transition to mixed farming[4]—depends, of course, on a comprehensive system of technical advice to farmers. In this respect, considerable progress has been made in recent years. The extension services are not confined to questions of agricultural technique, but also include training in crafts, such as carpentry and construction, for the youth of the villages. Apart from the shortage of experts, the extension work comes up against the difficulties caused by the small size of farms, their splitting into many dispersed plots, and, above all, by the poverty of the farmers, which makes it difficult for them to finance even such highly profitable improvements as selected seeds and a better use of fertilizer. As for the obstacle presented by the small size of farms, there seem to be some possibilities in co-operative methods of farming on a village basis.[5] On the other hand, recent legislation for facilitating the consolidation of dispersed plots belonging to the same farm has so far had very little effect.

In addition to the increase in yields through improved agricultural methods, there are considerable possibilities of a further increase in agricultural production through a better utilization of the available water resources. Irrigation works often turn hitherto useless land into highly productive areas and, in any case, the increase in yields is spectacular when, by removal of the water shortage, the period of growth can be extended to the whole of the year. Likewise, large areas of marshy land have been or can be made productive through drainage.

In the inter-war period, considerable efforts were made to increase the amount of productive land through reclamation and irrigation, the latter mostly on a small, local scale. The efforts to extend the irrigated area are now being continued, although at a somewhat slower pace, and this time more in the form of large, integrated projects. Out of the total agricultural area of 3.5 million hectares, about 1.2 million hectares are estimated to be irrigable. At present, about 0.5 million hectares, or less than half the irrigable area, are under irrigation, and the plans are to increase this to 0.7 million hectares within the next ten years. If the drainage works and other improvement schemes are also taken into account, the present plans appear to provide for an annual increase of about one per cent in the area of productive land, a rather impressive figure, especially when it is taken into account that this added area is of considerably more than average productivity. Even so, according to the figures just quoted, 40 per cent of the total irrigable land would still be awaiting irrigation in the year 1963.

---

[1] According to the 1950 census, 87 per cent of farmers tilled their own land, covering 92 per cent of the arable area. Only 11 per cent rented land—as share-croppers or otherwise—in addition to their own land, and 2 per cent of the peasants had no land at all. The Agricultural Reform Act of 1950 is meant especially to take care of this latter category, through distribution of Church land, State lands (hitherto used mostly as pastures) and also some 250,000 hectares of expropriated private land.

[2] *Report of the FAO Mission for Greece*, Washington, March 1947, page 135.

[3] Based on requirements of 60,000 tons calculated by J. S. Papadakis and quoted in the *Report of the FAO Mission for Greece, op. cit.*, page 136. It is estimated that only one-quarter of the arable area is treated with fertilizer as against 10 per cent before the war.

[4] For further discussion of the need for improved livestock production, see Chapter 12.

[5] See Chapter 12.

While the rate at which the large integrated projects of water control can be completed is limited by technical and financial considerations, there may be scope for public encouragement both through advisory services and financial assistance, to improvement works which can be carried out at the village level. Such community development schemes played some role in the early reconstruction period, but in more recent years they seem to have suffered from a certain lack of co-ordination.[1]

To sum up, an increase in the volume of agricultural output, and a concomitant change in its composition towards greater livestock production is necessary in order both to reduce the dependence on food imports and to make possible a much-needed increase in standards of living. The potentialities of Greek agriculture are far from being fully exploited, and modernization of agricultural methods together with investments for land improvement is rightly given a high priority in the plans for the economic development of the country.

---

[1] An interesting innovation was, however, made in the summer of 1952, when co-operation between army personnel and villagers was organized.

4. PRESENT INDUSTRIAL PLANS

The present total labour surplus, however, is estimated at about one million, and even a full exploitation of the agricultural resources, in dry farming as well as on irrigated land, can do little by itself towards absorbing this number of people, beyond accommodating the current increase in rural population. The task of providing urban employment for the remainder is enormous. At best—with a substantial capital inflow from abroad and assuming that the now unutilized industrial capacity could provide employment for those at present unemployed in the towns—it will take a very long time.

For its further industrial development, Greece has the advantages of a working-class which has shown quick adaptability to new methods and techniques and of an alert and venturesome class of entrepreneurs. Such gaps as are now being felt—for instance, the lack of a well-trained class of foremen—could be easily filled by technical training.

The lack of domestic raw materials and energy sources has been a more serious limitation. It has resulted in a need for imports which has increased payments difficulties and, by hampering general development, has prevented the full exploitation of such resources as exist in agriculture, mining, and waterpower.

It has already been mentioned that, with the recent development of cotton production, the raw cotton requirements of the Greek textile industry can be met from domestic output. As regards the mineral resources, the present Government plans for " key industrial projects " envisage a considerable increase in output, although at the present stage mainly for exports in crudely processed form. These projects are to be carried out by private enterprise, but with financial assistance from the Government. Bauxite production is to be increased considerably by reopening some of the mines which have been closed down since the war and by raising the rate of extraction.[2] The bauxite is to be exported, not in raw form as hitherto, but after a first stage of processing—into aluminium oxide (" alumina "). Another major project is to take advantage of the fact that Greece has, in Larymna, one of the two deposits of nickeliferous iron-ores in Europe. Arrangements for a higher rate of exploitation and for refining—with the participation of German capital—have recently been made. Furthermore, plans for the exploitation of magnesium deposits are under consideration.

Altogether, the plans for these mining projects alone involve the investment of $35 million—including $24 million in foreign exchange—although they are expected to provide employment (directly) for only some 2,700 workers. These projects are thus extremely expensive in terms of employment opportunities created, but the expected return in the form of increased export earnings is very high. After a few years, these investments are expected to yield additional export proceeds of some $30 million annually. This provides a striking example of how even relatively short-term foreign credits may enable a country to make investments which, although highly profitable in terms of foreign exchange, would otherwise be impossible to undertake as long as the balance-of-payments situation requires a hand-to-mouth import policy. Undoubtedly, the tight balance-of-payments situation of Greece makes it necessary to envisage, at the first stage, the exports of the expanded mining output in an elementary form of processing, but this, of course, should not exclude the building up, at a later stage, of capacity for a further processing within Greece. In this connection, the problem of a national steel industry—based on the local ores and the rich, but as yet little exploited, lignite deposits—is likely to present itself.

---

[2] One of the reasons why bauxite has not hitherto been extracted at a higher rate is the relative insolubility of part of the deposits. It is hoped, however, that a newly developed process will overcome this handicap.

The present Government plans also envisage a further increase in the production of nitrogenous fertilizer, and the start of a local sugar industry which would depend on domestic beet for its supplies. In addition, it is planned to have an oil refinery. The latter is another instance of possibilities for import saving through relatively modest investment. The capital cost of the refinery is estimated to be $12 million (including $9 million in foreign exchange) and it is expected that the net saving of imports will amount to $5 million annually.[1] Finally, the supply of energy from internal sources is to be increased by exploiting more fully the lignite resources and by developing the hydro-electric potential.

Greece is relatively poor in exploitable water-power resources, the total capacity of which is estimated to be of the order of 800,000 kW. But here, as in agriculture and mining, it is more relevant to point out that the resources which do exist are insufficiently developed than to dwell upon the limited natural endowment. Indeed, the share of the potential hydro-electric resources which has so far been harnessed is of the order of one per cent. All post-war Governments have had in their programmes the development of hydro-electric power production, but it is only recently that the intentions have been given a more concrete form. The present plans include a first batch of four projects scheduled to be completed by 1954/55 : one thermal plant of 80,000 kW. capacity and three smaller hydro-electric plants with a combined capacity of nearly 100,000 kW. A second group, to be completed by 1960 or later, includes a steam plant at Ptolemais (capacity 40,000 kW.), where the lignite resources are located, and two large-scale hydro-electric projects with a combined capacity of some 250,000 kW. With the completion of the five hydro-electric plants, some 45 per cent of the potential would be harnessed. It may be, however, that the estimate of total exploitable resources (800,000 kW.) is too low.

The Need for Industrial Decentralization

The present lack of electric power in the provinces is one of the factors which makes it difficult to reduce the excessive concentration of economic development in Greece in the narrow region of Athens and the Piræus. This difference in the supply of electricity between the capital and the provinces is reflected in a gap in prices for electric power which is one important reason among many why industries tend almost invariably to be located in the capital.[2]

The tendency for economic activity to be concentrated in the Athens-Piræus area is of long standing. It was estimated in 1939, on the basis of tax returns, that 60 to 70 per cent of industrial production was located in and around the capital.[3] And since the external economies to be obtained by locating new enterprises in an established industrial region are much greater in an otherwise little-developed country, the process became cumulative, in the absence of any public intervention. During and after the civil war, several reasons combined to make the attraction of Athens-Piræus still more powerful. The influx of refugees from the provinces created a reserve of cheap labour; the Piræus was reconstructed earlier than other ports, and it was essential to be near Government departments in times of restrictions and controls.

Some countervailing measures have been taken in recent years. New industrial undertakings, and especially textile firms, are only exceptionally permitted to establish themselves in Athens-Piræus, and incentives are given to the provinces in the form of lower interest rates and preferential treatment in tenders for Government orders. On the other hand, no attempt has been made to equalize electricity prices through a self-balancing system of taxes and subsidies.

But financial stimuli to decentralization and prohibition of establishment in the centre must be accompanied by a positive localization policy. In this respect, the electrification programme is, of course, of primary importance both for the spreading of large-scale industry and for the promotion of artisan and home production—for instance, by a revival of the Greek carpet and rug trade. But apart from the key projects already mentioned, the influence of the Government on the distribution of private investments between regions and between industries is very limited. More-

---

[1] Mainly by taking advantage of the close proximity of Greece to the Middle East supplies of crude oil, and the present price policy of the oil companies.

[2] In 1952, the prices were as follows (in 1,000 drachmæ per kWh.) :

	Industry	*Household and other uses*
Athens-Piræus	290	662
Average for all other regions	904	1 782

[3] *To Zetema Synkentroseos ton Biomehanion en Helladi* (The Question of the Concentration of Industry in Greece), *Anotaton Oikonomikon Symboulion*, Athens, 1940, page 17.

over, there is no organized capital market, and the imperfections of the credit market are such that the centre tends to be favoured at the expense of the provinces and that only the large and well-established firms—for instance, in cement[1] and cotton textiles—can expand and modernize their plant. The engineering industries are generally in a depressed state, partly for lack of financial encouragement, partly because other industries were re-equipped—with foreign aid—during the reconstruction period, and partly because the degree of tariff protection continues to be modest in comparison with that enjoyed by other industries.

The creation of a special credit institute for long-term financing of industrial development projects appears to be contemplated by the Greek Government. Such an institute might become an important instrument for improving the distribution of available capital resources.

The Allocation of Investment Resources

The geographical concentration of industry and trade within one narrow region is only one aspect of the very large gap between urban and rural incomes in Greece. It is difficult to ascertain whether this gap has narrowed or widened as compared with the pre-war years. The increase in agricultural productivity in the last three years has raised agricultural incomes, but part of the benefit from higher agricultural productivity has been lost by the rural population through a fall in the ratio of agricultural prices to industrial prices, which was particularly marked in the export crops. Recently there has also been a shift in agricultural policy towards subsidizing costs rather than guaranteeing high prices for the products. For instance, after the recent devaluation, the official price of domestic wheat has for the first time since the late 'twenties been fixed below the price of imported wheat.

The modest improvement in the level of income in agriculture has been accompanied by a considerable increase in the share of agriculture in total investments (Table 47). But agriculture still accounts for a much smaller part of total investments than would correspond to its share in national income, let alone its share in the active population. Investments in manufacturing industry, on the other hand, have declined somewhat, both relatively and in absolute terms.

Table 47

GREECE : GROSS FIXED CAPITAL FORMATION

	Percentages of total investment			
	1948	1951	1952	1953 [a]
Agriculture, fishing and forestry	7.7	12.5	8.8	13.4
Mining	0.6	4.1	2.9	1.7
Manufacturing and construction	14.4	15.7	18.0	13.9
Electricity, gas and water works	1.5	11.5	9.6	12.3
Transportation and communications	37.4	14.8	12.3	14.6
Dwellings	29.8	29.2	30.7	31.4
Others	8.6	12.2	17.7	12.7
Total	100.0	100.0	100.0	100.0
Index numbers—1951 = 100	79.3	100.0	90.8	93.6

Source : Ministry of Co-ordination, Athens.

[a] Preliminary.

There is rather limited scope, under present circumstances, for any significant shift in the distribution of investments as between the major sectors, unless the total volume of investments increases above its present rather low level, with the help of foreign capital, by the enforcement of higher internal saving, or through a reduction of defence expenditure, which, as already mentioned, takes 8 per cent of the national income. There may be some scope for a reduction of luxury building, but the housing needs in Greece are so great that any savings effected by cutting into luxury building would probably be required to bolster the housing programme,[2] in spite of the fact that the share of total investment taken by dwelling construction is higher than in most other European countries.[3]

* * *

The difficulties with which economic policy in Greece is faced are, indeed, immense. The country has suffered unusual hardships and destruction in the war and in the civil war. The economic structure is seriously distorted in several ways and its export position is extremely weak. The internal and external problems demand not only a high level of domestic saving, but also its channelling to the most important projects—i.e., to those which contribute most to a strengthening of the balance of payments, and which reduce the regional unbalance of the economy. Even so, an inflow of foreign capital may still be necessary.

---

[1] The export of Greek cement started in the period following the depression. Greek cement prices are competitive in world markets, and the new installations have permitted a lower rate of price increase than for other products. See Ang. Tsatsos, *E Hellinike Biomehania Tsimenton* (The Greek Cement Industry), Athens, 1953.

[2] Particularly in its regional aspects. Three-quarters of new building is concentrated in the Athens-Piræus area. See X. Zolotas, " Anaprosarmoghe Plethorikai Pieseis kai Ependyseis " (Devaluation, Inflationary Pressures and Investment), *Epitheorises Oikonomikon kai Politikon Epistemon*, Vol. VIII, No. 2-3, Athens, April-September 1953.

[3] See *Economic Survey of Europe since the War*, page 61.

A serious effort is being made to steer the investment resources over which the Government has control into high priority fields. While Government financial assistance to industries has hitherto been almost absent, the present plan for " key projects " implies that the State will furnish, out of its own resources and out of special foreign credits, 75 per cent of the finance required.

However, when compared with the immense needs, the present plans still appear to be modest. A further increase in Government-sponsored investment is to a large extent dependent on a strengthening of the tax structure, which is weak. Indirect taxes, falling mainly on commodities consumed by the lower-income groups, account for about three-quarters of total tax receipts,[1] and the share of personal income taxes has hardly changed over the last thirty years. Some improvement in the assessment of personal income taxes is, however, expected in the near future. It is expected that total tax revenue will increase by 20 per cent from 1952/53 to 1953/54, but the decline in the share of indirect taxation in total tax receipts will be small.

The Greek economy, still in the stage of recovery after a period of violent inflation, thus faces several exacting tasks : to remove the present dependence on extraordinary aid; to secure full utilization of existing production capacity and elimination of large-scale industrial unemployment; and to raise the level and improve the distribution of investment. The economic expansion needed for the second and third of these tasks runs, of course, the risk of exacerbating the difficulties of the first, particularly following the almost complete liberalization of foreign trade which was recently introduced. This leaves general monetary policy as the main instrument for securing foreign balance as well as internal balance between demand and supply. In the absence of other and more direct means of control, the danger is that the external position may call for a more restrictive monetary policy than would be compatible with a full utilization of resources.

---

[1] The percentage share of personal income tax in total tax revenue was as follows : 1924/25 : 18.5; 1928/29 : 20.3; 1935/36 : 18.3; 1950/51 : 16.5. See I. Koulé, " O Foros Eisodematos os Paragon Anaptexeos tes Hellenikes Oikonomias " (Income Tax as a Factor of Development in the Greek Economy), *Epitheorises Oikonomikon kai Politikon Epistemon*, Vol. VII, No. 4, Athens, October–December 1952.

Chapter 8

YUGOSLAVIA

In 1947, the Government of Yugoslavia drew up a Five-year Plan which set out certain ends and made a detailed allocation of means to attain them ; practically no limits on the power of the State to enforce this allocation were envisaged. This Plan came to grief, in part because of technical weaknesses, in part because of bad luck over the weather, in the main, however, because the political assumptions on which it rested were quickly falsified by events. And, as a consequence of this failure, there was a re-thinking about the allocation of means, which imperceptibly and inevitably shaded into a re-thinking about the instruments of policy and even about the ends of policy themselves. Questions which in 1947 were regarded by those in power as closed—the line of demarcation between central and local initiative, the pace of development, the type of development, the place of Yugoslavia in the world economy, the economic and political limits of State control—became open questions once more, on which there is as yet no unanimity of opinion.

The extent of the political changes makes it necessary to say more about the institutional framework than in the case of the other countries discussed in this study. The fact that these changes are by no means finished, however, makes it difficult to come to any clear-cut conclusions about the speed and scope of Yugoslavia's future development.

1. Yugoslavia before the Second World War

The Country at the Foundation of the Yugoslav State

Some countries are poor mainly because of the inevitabilities of geography, others because of the chances of history : Yugoslavia must be classed in this second category. Geography divides the country into two regions : the Pannonian Plain, which is, from the point of view of climate and fertility, a part of the central European plain, a land which could support a rich mixed agriculture, and, to the south and west of this, the Dinaric Mountains, barren and soil-less in many places, but also rich in minerals. History has imposed on these basic differences other cultural and material distinctions, no less real because man-made.

Thus, at the foundation of the Yugoslav State, Serbia, the country of the pig-breeder kings, had practically no industry and an agriculture with few highly capitalized estates, but a peasantry accustomed to selling to urban markets even abroad ; the Vojvodina, the territory between the Sava, the Danube and the Rumanian frontiers, a marshland until the Austro-Hungarian Empire built pumping-stations on the Danube, was a region of very large villages similar to those of Hungary, practising an extensive agriculture, also for a market ; in Croatia, some industry had grown up around Zagreb; in Slovenia, a considerable industry existed in Ljubljana, which, by creating an outlet for agricultural labour, had indirectly raised local standards of agriculture. Elsewhere in the country, agriculture was a matter of subsistence farming carried on, except in the rich upland pastures of Montenegro, in the worst possible natural conditions, and industry was restricted to a few isolated mining settlements. Sarajevo was an administrative centre; in the coastal regions of Dalmatia there was some vine-growing.

Moreover, though the linguistic barriers to internal migration were negligible, except perhaps in the case of Slovenia—and even there far smaller than in Switzerland—the cultural barriers were greater than in almost any country in Europe. The Slovenes and Croats were Roman Catholics who had shared, as much as they were allowed, in the culture of Vienna and had helped to save the Austro-Hungarian Empire from collapse in 1848 ; to the Serbs the Orthodox Church had been a symbol of nationhood in their centuries-old struggle against the Turks ; in Bosnia and Hercegovina lived impoverished Moslemized Slavs weakened by endemic syphilis. Montenegro had been, until late in the 19th century, a tribal society ruled over by a theocracy; Macedonia—as a frontier province—had been the happy hunting-ground of missionaries of all sects. No pains had been spared by the Great Powers to multiply cultural differences between the various sections of a basically homogeneous stock.

As a further consequence of past partition, communications were exceptionally bad : there was no road worthy of the name between the capital and the big towns of the north, and both railways and roads linking the interior of the country with the long coastline were few and far between.

The Inter-war Period

The inherited regional differences continued to bedevil political life during Yugoslavia's first twenty years. Many Serbs of the ruling class preserved an imperialist attitude to the other provinces of Yugoslavia (for which, after all, the inhabitants of Serbia had made enormous sacrifices) and regarded them almost as the newly acquired territories of a Greater Serbia. The Croat peasants and intellectuals, as represented at any rate by the leaders of the Croat Peasant Party, an organization with an ideological gamut as wide as that of the Indian Congress Party, seemed to be mainly interested in freedom from Belgrade rule. The representatives of the Slovene minority traded their support of the Serbs for a certain autonomy for the relatively developed Slovenia. The backward parts of the country had no effective voice in affairs. As a result, the public subject-matter of politics, whether under the unstable coalitions of the 'twenties or the royal dictatorships of the 'thirties, became narrowed to the constitutional niceties of the Croatian question, and none of the recognized parties had any coherent programme of economic development.

Among the Government parties there was a desire for industrialization in order to reduce the pressure of population on the land, but little consideration of the pace or type of industrialization needed ; the Croat opposition, on the other hand, yearned for a peasant Utopia, in which industry would be largely a matter of processing agricultural produce, without ever reaching any agreement on the ways and means of achieving it. Since the war, thinking has become clearer, but the two schools of thought still exist, as perhaps they are always bound to in a country with a large peasantry and wide regional differences.

Industry was encouraged by the provision of import tariffs among the highest in Europe, freight rates tilted in favour of industrial products and raw materials, tax concessions to joint-stock companies [1] and special inducements to foreign capital. The State, particularly in the late 'thirties, also intervened as an entrepreneur in some basic industries. Thus, it took over the existing iron mines, iron foundries and steelworks and added considerably to their capacity ; it ran coal-mines, built an oil refinery, and operated two sugar refineries and some silk-weaving mills, as well as armament factories.

As a result of these measures, industry expanded considerably during the inter-war period. Lack of statistics makes it impossible to measure the expansion exactly ; the available information suggests, however, a doubling of its employing capacity.[2] This increase seems to have been distributed very unevenly over the period, judging by the mining statistics, which provide the only continuous series of employment and production data, and by the few other indicators of economic activity available.

Thus, the output of coal doubled between 1920 and 1929, fell by about one-quarter during the next few years and regained the 1929 peak level only in 1938. The same cycle is visible in the output of most of the other minerals,[3] as in the figures of total employment in mining and smelting. In the case of non-ferrous-metal mining, however, the stimulus provided by the armaments boom of the late 'thirties was much greater, and in the years just before the war their output was several times higher than in 1929.

		1920	*1929*	*1933*	*1939*
Output of coal . .	(*millions of tons*)	2.9	5.7	4.2	6.1
Output of iron ore	(*thousands of tons*)	20	428	52	667
Railway goods traffic	(*billions of ton-kilometres*)	. .	4.3	3.0	4.9
Registration of :					
Bicycles	(*thousands*)	. .	116	180[a]	372[b]
Motor cycles	(*thousands*)	. .	3.3	3.4[a]	7.7[b]
Private cars	(*thousands*)	. .	8.4	7.6[a]	13.6
Lorries	(*thousands*)	. .	3.0	2.3[a]	3.9

Sources : National statistics. [a] 1934. [b] 1938.

It would show a lack of historical sense to criticize the Yugoslav Government for allowing the Great Depression to slow down the process of industrialization. It is more justifiable to remark on the extent to which industrialization depended on foreign capital. It has been estimated [4] that around 50 per cent of the capital invested in Yugoslav industry in 1937/38 was wholly or partly foreign : in metal mining almost the whole was of foreign origin ; in engineering, chemicals, petroleum refining about 80 per cent ; in textiles 60 per cent ; and even in such essentially local industries as food-processing more than one-third. A country which can persuade others to finance its development is, of course, fortunate ; in this case, however, the attractions offered to foreign capital in the form of opportunity to repatriate profits after subjection to only a small tax were probably too lavish. Moreover, the dependence on foreign money induced a certain lopsidedness in development. Foreign capitalists were more interested in exploiting Yugoslav raw materials than in creating opportunities for employment in Yugoslavia. The development was thus often of the traditional colonial type, with a high return to capital but a low employment multiplier.

---

[1] In 1935, for example, joint-stock companies paid altogether 75 million dinars in tax, handicrafts 76 million dinars.

[2] It was estimated that the total employing capacity of manufacturing industry was about 150,000 in 1918 and 300,000 in 1938 (see *Statistika Industrije Kraljevine Jugoslavije*, Belgrade, 1941, pages 16 and 20). Between 1920 and 1939, employment in mines increased from about 30,000 to nearly 50,000. Several British authors have accepted a statement by Dr. Otto von Frangeš (*Weltwirtschaftliches Archiv*, 1938, page 327) that the number of industrial workers had increased from 225,104 in 1929 to 717,674 in 1937 : in spite of the apparent precision of this estimate, it is very difficult to accept it in the face of the other evidence.

[3] Lead and zinc ores provide the only exception : their output rose uninterruptedly throughout the period.

[4] Stevan M. Kukoleča, *Industrija Jugoslavije 1918–1938*, Belgrade, 1941.

Agriculture

If Governments were to raise standards of living significantly, however, something more than a policy of industrialization, even one far stronger and more selective than that actually pursued, would be needed. For, in 1921, 80 per cent of the population was directly dependent on agriculture for a livelihood, and the natural increase in total population throughout the inter-war period was of the order of 200,000 a year, and in active population of about 70,000.

It will be recalled that the total employing capacity of industry in 1920 was estimated at less than three times this last figure.

It was therefore inescapable that the pressure of agricultural population on the land would increase from its already high figure of 1.1 person per hectare, unless the cultivated area could be expanded, and that the average standard of living would fall unless both yields per hectare could be raised and, in the regions producing for a market, the extra produce be sold. The scope for raising the standards of the poorest peasants at the expense of landlords was, moreover, far less great than in some neighbouring countries—notably Hungary—because there was no entrenched land-owning aristocracy in most parts of the country : Serbia had traditionally been a country of peasants, and elsewhere there had been a fair degree of equality of sacrifice under foreign rule. In the event, the distribution of land-ownership was made even somewhat more egalitarian than before by a mild land reform, mainly affecting foreign-owned property, carried out after long delays in 1931. After this, one-third of the holdings were of less than 2 hectares, another one-third of 2 to 5 hectares, and about three-quarters of the land [1] was cultivated in units (if the word is not too misleading to use of collections of fragmented strips) of less than 10 hectares. The position was even worse than these figures for the whole country suggest, because in the fertile Vojvodina, holdings were on the whole larger : in the rest of the country almost 90 per cent of the usually poorer land was subdivided into holdings each of less than 10 hectares. Moreover, few of these smallholders had much contact with the market, either domestic or foreign : lack of capital and lack of communications prevented use being made of inter-regional division of labour. The total cultivated area itself was expanded by one-fifth between 1921 and 1939, in part by colonization schemes in Macedonia, and the arable area by about one-fifth ; all and more of this increase, however, was devoted to cereals, which by the late 'thirties covered as much as 80 per cent of the total sown area. So high a figure implies an extremely unbalanced diet, as well as a primitive cropping pattern. Although, moreover, yields of some crops improved, those of cereals were much less satisfactory. Yields of wheat, in particular, hardly changed after the years of recovery from the first World War.

Five-year averages	*Average yields of grain* (Quintals per hectare)	
	Wheat	*Maize*
1920–24	9.1	13.5
1925–29	11.9	14.5
1930–34	10.4	16.0
1935–39	12.1	16.8

The number of cattle and pigs per hectare of agricultural land meanwhile decreased, the number per person engaged in agriculture even more.

During the first half of the inter-war period, Yugoslav Governments did little to help agriculture beyond mildly encouraging co-operative action by farmers, which was already traditional in parts of the country, and improving institutional arrangements for agricultural credit, which, however, could hardly be expected to touch the large subsistence sector of the economy. The first reaction to the slump in export markets at the beginning of the 'thirties was a prohibition on the import of combine harvesters in the interests of agrarian employment, the next State purchases of wheat in a glutted market. Later, the State acted as exporting agent for peasants in an attempt to keep prices from falling too far. These defensive measures are easily comprehensible, but did nothing to solve the basic problem of Yugoslav agriculture—the low yields per hectare which the monoculture enforced by poverty brought. The only step taken in this direction was the encouragement given in the late 'thirties to a more intensive agriculture by the offer of fixed and attractive prices for deliveries of industrial crops, though on a relatively small scale.

---

[1] Excluding three million hectares of rough grazing.

The Position immediately before the War

On the outbreak of war, Yugoslavia had a substantial mining and smelting industry, but little in the way of non-ferrous metal processing industries, a small steel industry, a few small oil refineries, a largish cement industry developed mainly for export, a fairly important chemical industry and a well advanced timber processing industry. But the number of workers in manufacturing was still no greater than the number of handicraftsmen—there were about 300,000 of each—and the growth in industry and the ancillary service trades over the previous twenty years had not kept pace with the natural increase in the active population. The density of the agricultural population had even increased somewhat (in spite of an expansion of the area under cultivation), and three-quarters of the active population were still engaged in agriculture and forestry. These three-quarters received about half the national income : in other words, their average income was about one-third of the average income of others. There is no reason to believe that there was, on balance, any significant change during the following decade.

Distribution of Active Population and National Income [a]

(Percentages)

	Active population		*National income*
	1921	*1931*	*1931*
Agriculture, forestry and fishing (including home processing) . .	80	76	50
Industry, building and handicrafts	9	11	25
Transport and communications .	1	2	7
Other	10	11	18

Sources : National statistics.

Moreover, differences between standards of living in the various parts of the country had not been diminished, but rather the reverse, by Government policy. On the one hand, the new industries had quite naturally tended to congregate around the old nuclei of Ljubljana and Zagreb, and to a lesser extent around Belgrade. Mining in Bosnia and parts of Serbia was an exception, but, as has been pointed out, mining was largely for export and had not attracted metal-using industries. On the other hand, the Government's agricultural policy had done little or nothing to improve conditions for the peasants of the more backward regions of the country, who, in effect, lived in a subsistence economy.

2. THE PERIOD OF DETAILED PLANNING

The Five-year Plan for Industry, 1947–1951

The Government formed in 1944 while the German armies were still occupying parts of the country was avowedly a revolutionary Government, most of whose members were pledged to transform a still predominantly peasant country with a few islands of industry into a considerably industrialized socialist State on the Soviet model. As in the other eastern European countries, some constitutional links with earlier bourgeois Governments were preserved—for a short time after the war Yugoslavia remained technically a monarchy, though without a resident monarch—and the Government was at first formally a coalition. But, whereas in the other countries Governments continued for some years to be coalitions of not too unequal partners, in Yugoslavia the Communists were from the start effectively in sole charge. No organized opposition to them remained ; moreover, their achievement in organizing successful resistance to the occupying armies and those who collaborated with them had earned them a genuine popularity far greater than that enjoyed by their comrades in the countries which had been liberated from German rule mainly from the outside. The new leaders thus believed, with some justification, that they could proceed faster on the road to socialist planning and could enforce a higher rate of saving than was feasible elsewhere.

They felt, moreover, that they could afford to telescope several stages of the Russian evolution into one. The situation facing them was, after all, far more favourable than that facing the Bolshevik leaders a generation before. Not only was their prestige within the country greater than that of the Russian pioneers who had snatched revolution from defeat, but the fact that they had shared in Allied victory had brought considerable goodwill to them in the outside world : whereas Lenin had faced wars of intervention and a blockade, Marshal Tito was receiving aid from U.N.R.R.A. and was in a uniquely favourable position to negotiate foreign loans, if not from the West, at any rate from the East. Finally, the Yugoslav leaders were in a position to profit by the experience the Soviet Government had accumulated in introducing ambitious industrialization programmes into a largely agrarian community.

All these factors combined to make the tempo of revolution in Yugoslavia unprecedentedly fast. By 1946, 80 per cent of industry, all banking, the whole transport system and almost all wholesale trade were in the hands of the State. In the case of retail trade there was no formal nationalization until 1948 but, as later in other eastern European countries, private traders were squeezed out by the canalization of the bulk of supplies of consumer goods to rapidly improvised State shops and co-operatives.[1] In the speed of its socialization, Yugoslavia may be said to have been at least two years ahead of any other eastern European country.[2]

Similarly, in agriculture, after a land reform fixing the maximum holding in the fertile regions at 35 hectares of cultivated land in 1945, the first State farms and producer co-operatives were founded as early as 1946, and by the end of 1949, before the big collectivization campaigns had really begun to make headway in other eastern European countries, about one-fifth of the agricultural area was held by co-operatives and State farms.[3]

Finally, in 1946, at a time when other Governments were still formulating short-term reconstruction plans or had not even reached this stage, the Yugoslav Government judged the time ripe for a long-term development plan of a most detailed kind. Not for two years did the Bulgarian and Czechoslovak Governments follow suit ; in Rumania and eastern Germany, plans of a comparable scope were not announced until 1950.

This plan, which was to cover the five years 1947 to 1951, was at least as ambitious as any of the pre-war Soviet five-year plans ; it resembled them, too, in the relative emphasis given to the various tasks set. Thus, the gross output of industry was in the last year of the plan to be nearly five times as high as in 1939, whereas the objective for agriculture was far more modest : " to reach, and, in the basic branches exceed by an average of 20 per cent, the pre-war agricultural output."[4]

Within industry there was to be organized the " production of a whole series of articles which this country has not produced so far. These will include trucks, tractors, heavy locomotives, heavy constructional machinery, cranes, water turbines, large steam boilers, heavy and medium machine-tools, heavy and medium electrical machines, transformers, bicycles, typewriters, agricultural machines of a large type, electric cables, coke, seamless pipes, prefabricated houses, radio sets, plastics, synthetic rubber, artificial fibres, new nitrogenous fertilizers, etc." [5]

It will be seen that few of the items specified were consumer goods. The whole emphasis of the plan was, indeed, on the extension of the producer-goods industries. Not surprisingly, investment was to take a large share of the national income—in the last year of the plan, 27 per cent. This was to be financed mainly out of the proceeds of a turnover tax.

The investment effort was to be particularly great in the backward areas—Bosnia-Hercegovina, Montenegro and Macedonia—and least in comparatively developed Slovenia. This implied a considerable transfer of capital between different parts of the country.

Consistently with the relatively unambitious targets set for agriculture, only a small fraction of investment was to go there :

Distribution of Total Planned Investment 1947–1951
(Percentages)

Electric power	11
Mining and metallurgy	11
Other manufacturing	20
Transport and communications	26
Agriculture	7
Other	25
Total	100

Although the plan lists a whole series of measures which were to be taken to raise yields in agriculture—increased use of fertilizers, irrigation, changes in cropping patterns, introduction of selected seeds and breeding-stocks, introduction of tractors—the main emphasis seemed to rest on mechanization of a rather simple type, and on changes in the organization of agriculture by the extension of peasant co-operatives.

The Five-year Plan was reticent on foreign trade policy. It is clear, however, that the planners were confident that they could exchange agricultural products and metals for capital goods from other eastern European countries ; confident, too, that they could rely on foreign credits from some, at any rate, of these countries to cover a part of their investment programmes in the early years. Otherwise a policy of using a larger proportion of Yugoslav raw materials at home, simultaneously with increasing imports of capital goods, would hardly have made sense.

This, of course, represented a striking reorientation of Yugoslavia's trade. Before the war, Yugoslavia had had practically no trade contacts with the Soviet Union and diminishing ones with the other eastern European countries.

---

[1] Thus, at the end of 1947, over 50 per cent of all retail shops were still privately owned, but they did only about 12 per cent of the total retail trade (other than direct sales by peasants). A year later, private shops made up less than 3 per cent of the total number. (*Informativni Priručnik o Jugoslaviji, 1948–1949*, Belgrade, 1949, page 107.)

[2] See *Economic Survey of Europe since the War*, page 179.

[3] In addition, about 2 million hectares of rough grazing, formerly communally owned, had been transferred to State ownership.

[4] Law on the Five-year Plan, 1947, Article 12.

[5] Law on the Five-year Plan, Article 10.

Finally, one further innovation in the plan, not only in Yugoslavia but in all Europe west of Russia, must be stressed : the extraordinary degree of detail into which it went. Targets were set not only for the yields of all the main, and several of the minor, crops and for the output of a multitude of individual industrial products (in each of the six constituent Republics), but also for such items as the number of meals to be served in restaurants in five years' time, the number of passenger journeys to be made on the railways, the number of letters to be written and telegrams to be sent.

Some of these long-term targets were doubtless not intended to be taken quite literally : if they were not mere flights of fancy, they must be presumed to have been the result of rather crude econometric calculations, or perhaps of nothing more than simple extrapolations. The industrial targets, however, were not in this category. They were intended to be quite realistic, at least in the sense that the whole machinery of the State would be brought to bear to enforce their realization. Those given in the Five-year Plan, detailed as they were by most standards, were indeed only a small sample of the targets formulated for the country as a whole and translated into detailed instructions to each individual producing unit.[1] For it was not doubted by the Yugoslav planners that, inexperienced though they were, they could make rational decisions as to the desirable level of output of every single industrial commodity in every individual factory.

It is easy, with the wisdom of hindsight, to criticize the Yugoslav Government for imitating Soviet precepts and practice too mechanically. It can indeed hardly be doubted that the investment effort demanded in 1947 was too dispersed, and that the bureaucracy over-estimated its competence. Two things, however, should not be forgotten. First, at the time when the Plan was drawn up no other way of organizing production in a socialist State than that adopted in the Soviet Union was known. Second, the Yugoslav Government may well have taken the view that there would never be a more favourable moment to ask sacrifices of the people [2] than at the time when the enthusiastic national feeling generated by the Partisans' struggle was still white-hot.

The Effects of the Break with the Cominform

Discussion as to the wisdom or unwisdom of the Plan is in any case somewhat academic. For in the event, as is well known, it ran for less than 18 months of its allotted span. The expulsion of the Yugoslav Communist Party from the Communist Information Bureau in June 1948 completely knocked the bottom out of it. For, whatever else is controversial, it is beyond doubt that the blockade of Yugoslavia by the other eastern European countries caused enormous difficulties for Yugoslavia. It is not without reason that Yugoslavs to-day say " before the Resolution " as others say " before the war ".

Table 48 shows the magnitude of the adjustment in its external trade with which Yugoslavia was now faced : to find alternative sources of supply for about 50 per cent of its imports and alternative markets for about the same proportion of its exports.[3] These totals, however, under-state the problem: in terms of some important commodities, the adjustment to be made was even greater. Thus, almost all coal and coke [4] imported in 1948 came from eastern Europe, as did four-fifths of the fertilizers, 85 per cent of the pig-iron, almost all the steel tubes, railway wagons and locomotives and 60 per cent of the petroleum products and machinery (often of a specialized type). At a time when a sellers' market in manufactured exports ruled, it would be difficult to find alternative sources of supply for some of these items even if the Yugoslavs could succeed in placing their own exports.

The figures of past trade, moreover, tell only one part of the story. In drawing up the Five-year Plan, the Government had assumed a willingness by its eastern partners to lend to Yugoslavia during the next few years. Thus, there had been plans for the Soviet Union to construct a smelting works and rolling-mill in Bosnia, for Hungary to build an aluminium factory in Slovenia, for Czechoslovakia to build a factory to make tractors and agricultural machinery. There could hardly fail to be some slowing-down in the tempo of investment.

This was the more certain as the Government felt it necessary in the changed political circumstances to make a sharp increase in defence expenditure, a direct competition with investment for some types of output. It can be seen from Table 49 how the shares of national income devoted to these two forms of expenditure have behaved since 1948.

---

[1] See Boris Kidrić, *On the Construction of Socialist Economy in the FPRY*, Belgrade, page 73. " In every institution and enterprise we must fix the exact number of posts."

[2] This was also the time when eager unskilled labour from other countries—not always efficient, as events proved—was available for special projects, such as the famous " Youth Railways ", the arterial road between Belgrade and Zagreb and the university centres, still uncompleted in 1953, in Zagreb and Belgrade.

[3] It can also be seen that, even in the first year of the Plan, Yugoslavia did not benefit by any considerable import surplus from the Soviet Union.

[4] There were at this time no coke-ovens in Yugoslavia, and there is little hard coal to be mined in the country even since the cession of Istria.

Table 48

YUGOSLAVIA : TRADE BY COUNTRY

Percentages of total

Country of origin or destination	Imports, c.i.f. 1938	1947	1948	1949	1952	Exports, f.o.b. 1938	1947	1948	1949	1952
U.S.S.R.	0.1	22.2	10.8	1.3	—	—	16.8	15.0	4.6	—
Czechoslovakia	10.7	17.6	17.1	6.2	—	7.9	18.8	15.9	4.3	—
Hungary	3.8	5.0	4.4	3.0	—	4.3	8.3	9.0	2.5	—
Poland	0.8	3.2	7.4	2.2	—	1.5	3.4	7.8	1.8	—
Bulgaria	0.2	3.2	1.7	—	—	0.2	1.8	1.0	0.1	—
Rumania	2.1	0.6	1.7	—	—	1.0	0.9	0.6	—	—
Albania	0.1	0.2	—	—	—	0.6	—	—	—	—
Eastern Germany	..	4.1	2.6	1.3	—	..	2.7	1.4	0.3	—
Total eastern Europe	17.8	56.1	45.7	14.0	—	15.5	52.7	50.7	13.6	—
United States	6.0	4.0	3.4	10.3	19.3	5.1	0.1	2.6	8.4	14.7
United Kingdom	8.7	5.4	4.6	10.3	6.8	9.6	2.7	6.2	21.7	14.1
Western Germany	32.5 [a]	—	1.6	7.2	20.3	35.9 [a]	—	0.3	5.5	23.7
Other countries	35.0	34.5	44.7	58.2	53.6	33.9	44.5	40.2	50.8	47.5
Total world	100	100	100	100	100	100	100	100	100	100
Value of total trade *(millions of current dollars)*	115	169	314	303	373	116	170	303	204	247

Source : National trade statistics.

[a] Whole of Germany in 1938.

The share of national income spent on defence in the last few years appears to be very considerably higher than in any western European country,[1] even allowing for the fact that the Yugoslav concept of national income is narrower than that normally adopted in the west.

The first consequence of the changed circumstances on civilian production were not noticeable until late in 1949. For some months output continued to expand, presumably at the expense of stocks of materials, and in 1949 was some 10 per cent above the level of the previous year. Thereafter, however, there was stagnation, and even retrogression, until 1953. In large part this was due to the effects on Yugoslavia's purchasing power over imported raw materials of

---

[1] Comparable statistics for eastern European countries are not published.

Table 49

PERCENTAGES OF GROSS NATIONAL PRODUCT [a]

	1947	1948	1949	1950	1951	1952 [b]	1953 Plan
Gross investment in fixed capital	28	25	30	28	21	25	26
Defence expenditure	8	7	11	14	20	24	19
Deficit on balance of payments on current account	..	−1	−2	−2	−4	−4	−5
Total of above	..	31	39	40	37	45	40

Sources : National statistics.

[a] The estimates of gross national product follow the restrictive Marxist definition : on a western definition all the percentages in the table would be somewhat lower.

[b] Provisional.

Table 50

INDUSTRIAL PRODUCTION[a] BY END-USE IN YUGOSLAVIA

Percentages of 1951

Year	Total	Capital goods	Semi-finished goods	Consumer goods
1939 . .	55[b]	. .	. .	. .
1946 . .	51	. .	. .	. .
1947 . .	71	. .	. .	. .
1948 . .	93	. .	. .	. .
1949 . .	102	. .	. .	. .
1950 . .	103	. .	. .	. .
1951 . .	100	100	100	100
1952 . .	99	112	103	86
1953[c] . .	110	142	112	97

Sources : National statistics, and, for total industrial production, special information supplied by the Yugoslav Government.

[a] Excluding the production of finished products of all kinds for the armed forces, as well as the output of the shipbuilding, printing and film industries.

[b] Rough estimate.

[c] Provisional.

the exceptional droughts of 1950 and 1952. In part it was due to a transference of resources of unknown dimensions to armaments production.

Some investment projects had become impossible of achievement in the allotted time because of a lack of important components : in some industries, therefore, capacity was the bottleneck. On the whole, however, capacity continued to expand as, even during the years when total industrial production (or rather the " civilian " part of it) stagnated, the output of producer goods increased.[1] The more usual phenomenon was an inability to use capacity fully either for lack of imported or home-produced materials (textiles and food processing provide striking examples of this) or for lack of demand (for example, in the coal industry) as a result of the low level of production elsewhere in the economy.

To insist that depression was ineluctably bound to follow the break with the Cominform as night follows day is of course by no means the same as supporting the thesis that few of Yugoslavia's shortfalls in industrial production would have happened if the political assumptions on which the Five-year Plan rested had turned out to be justified. The thesis cannot be proved or disproved. A comparison of the rates at which the output of particular commodities actually increased during the years 1947 to 1949 with the target rate for the whole five years [2] suggests that, though there were a few exceptions, plan fulfilment would usually have depended on accelerated progress in the last two years of the Plan. This is not conclusive evidence of failure : it was always contemplated that a considerable part of the new capacity being built would not be ready until towards the end of the period.

It is indeed officially stated[3] that sufficient capacity to produce the target output set for the end of 1951 was in fact installed by late 1952. This in turn does not prove that the Plan was realistic, because there is no way of knowing whether, if things had been different, sufficient materials would have been available or the balance of demands such as to utilize this capacity.[4]

In fact, it seems likely that neither of these conditions would have been completely fulfilled, for agricultural output was in two years so low as a result of drought that grain had to be imported, with a consequent reduction of the resources available for imports of materials. And, these years quite apart, agricultural output was below the targets, themselves not very ambitious, set in the Plan. On the one hand, the depression in the food-processing industries and some others was a direct consequence of the failure of agricultural policy. On the other, there seems little doubt that one of the reasons for the rises in retail stocks in 1953 has been a miscalculation of the level and distribution of incomes needed fully to absorb potential production.

Those who attribute the greater part of Yugoslavia's difficulties to the change in the political climate and those who insist on the Yugoslavs' own failures in planning are thus both right. This conclusion is now accepted by the Yugoslav planners themselves.

---

[1] This is demonstrated for the years 1952 and 1953 in Table 50; there is reason to believe that the same was true in earlier years.

[2] See Tables LII and LIII.

[3] Speech by Marshal Tito published in *Komunist*, No. 5–6, 1952.

[4] The Plan targets were always expressed as production targets ; in only a few cases does the Law on the Plan mention capacity figures. The official statement referred to thus rests on an *ex post* conversion of production targets into hypothetical capacity targets.

3. INSTITUTIONAL CHANGES SINCE 1948

Institutional Changes in Industry since 1948

No attempt was ever made to rewrite the Five-year Plan in its entirety so as to take account of the changed position. Its life was formally extended for one year and some branches of the investment programme were pruned, but in fact long-term planning in the all-embracing sense in which it had been understood in 1946 was quietly dropped. Attention was concentrated on a list of key investment projects, for whose completion no very definite period was fixed. It is difficult to see how in the circumstances the Government could come to any other conclusion. For several years Yugoslavia's international position remained uncertain. It was thus impossible to budget far ahead for imports of capital equipment or materials.

There was, however, at first no change in the procedures adopted in drawing up the annual operational plans. In 1949, as earlier, detailed production targets were centrally formulated for each industrial enterprise.

The abandonment of the long-term production targets was bound to have some influence on attitudes to centralized decisions, however, particularly when uncertainties as to raw-material supplies made planning even for twelve months ahead a hazardous business. More important, perhaps, is the fact that the break with the Cominform had produced a fairly widespread desire to have a specifically Yugoslav brand of socialism. The ideological dispute had encouraged the Yugoslavs to take out a number of hitherto accepted dogmas for an airing. Marxism remained the accepted mode of thought, but it was less clear that there was only one indisputable way of interpreting it in practice. The foundations of socialist belief were scrutinized again : once doubts became permissible, it was no longer obvious that socialism necessarily implied either completely centralized planning or State ownership of the means of production, and a kind of guild socialism was discussed as a practical possibility.

The first hesitant steps away from the complete centralization of all decisions were taken in 1950. At the policy level, responsibility for the details of production programmes was devolved on to regional councils; at the factory level, the State-appointed director was shorn of some of his responsibilities—for such matters as welfare—and made to report at frequent intervals to a council elected by the workers, though from lists drawn up by the trade unions. By themselves, however, these changes were of small importance.

In 1951, the pace of de-control quickened. Parallel with a reduction in the scope of the compulsory delivery schemes for agricultural produce there was a gradual lifting of consumer rationing and a reduction of some subsidies. After the relatively good harvest of that year, both compulsory deliveries and consumer rationing were completely suspended. More surprisingly, the foreign trade monopoly was wound up and, after a devaluation of the dinar to one-sixth of its former official value, control of foreign exchange loosened. All producing units, or enterprises as they could from now on perhaps properly be called, were in theory now able to buy and sell abroad on their own initiative. Exporting enterprises were permitted to retain a proportion of their foreign exchange proceeds, which they could either use for direct imports or sell in an official free market, in which the National Bank operated. Even after the devaluation the price structure of Yugoslavia remained quite out of line with external prices, so that a complicated system of export bounties and import levies was operated, but within this framework enterprises were free to bid against one another for foreign orders and for foreign exchange.

This decentralization of foreign trade turned out to be the precursor of a more far-reaching abrogation of control. In 1952, all production decisions were made the responsibility of the individual enterprises. The plan for the year merely laid down certain minimum capacity utilization ratios for each class of enterprise. What particular combination of commodities was produced by the enterprise was no longer a concern of the Federal Government or even of the Republics. The control of enterprises was formally vested in the workers, who were regarded as trustees for the fixed capital placed at their disposal by the State, and workers' councils were given increased responsibilities, though the appointment of the manager still had to be approved by the State.

Formally, the enterprise could also in most cases [1] fix the prices at which it offered its goods for sale, and a great deal of stress was laid on the importance of competition between different enterprises. In fact, however, this freedom was more nominal than real. For, although the turnover tax which had hitherto provided the State with most of its revenue was no longer to be universal, its place was taken by another tax assessed on the enterprise's wage-bill, which was itself laid down in the Plan. The rate of this tax,[2] like the turnover tax before, varied not only between industries, but also between enterprises in the same industry. Thus, one coal mine was required to make more than eight times as much profit per unit of labour input as another; one oil refinery more than ten times as much as another. It must be supposed that variations in the rate of tax bore some relation to the degree of capitalization of an enterprise [3]—that is, that the tax contained an element of interest on fixed capital (as well as rent and quasi-rent arising because of favourable geographical or geological situation or as a result of monopoly)—but it is also quite clear that it was used, in effect, to subsidize inefficient firms and to tax efficient ones.[1] The discretion left to the individual enterprise to vary its prices was thus very limited : the tax was always high enough to impose a rather high minimum price in every case, while, in the case of some consumer goods, turnover taxes were still levied in addition, though at lower rates than before. After paying its taxes, each enterprise was at first at liberty to dispose of its undistributed profits as it wished : to reinvest them in the enterprise, to use them to improve local housing or amenities or to distribute them as bonuses on wages. In fact, there seems to have been a hardly surprising preference for the last of these, and the centrally organized trade unions were not always successful in persuading workers to take the long view.

---

[1] The prices of raw materials were at first controlled, but these, too, were freed in the latter part of the year.

[2] Called the " rate of accumulation and funds " because it was intended to finance Government investment and in general to provide funds for the State budget.

[3] The variations in rates were much smaller if expressed as a multiple of depreciation (that is, as a function of fixed capital), than when related, as they were in the Plan, to wage-bills.

In 1953, therefore, the State withdrew some of the increased freedom it had granted. The existing structure of taxes on enterprises was preserved, but a final coping-stone was added in the form of a steeply progressive tax on such profits as were left to enterprises after the tax on wage-bills and, where it applied, the turnover tax, had been paid.

Thus, in spite of all the talk which began to be heard about the virtues of competition, the system in operation in 1952 and 1953 gave little incentive to enterprises to reduce their costs.[2] The only works councils which were blessed with an appreciable amount of profit on whose disposal to decide were those in enterprises which enjoyed a monopoly; in a country still only thinly industrialized these, of course, tended to be in the heavy industries, notably in copper-mining and in the manufacture of heavy electrical equipment. The risk of making a loss, however, which a deflationary policy made quite real in the consumer-goods industries, must be presumed to have been partly responsible for the improvement in the quality of consumer goods which undoubtedly took place.

In 1954 the system is to undergo a further evolution which the Press has for several months hailed as a further step towards a free market mechanism. The capacity utilization targets which replaced detailed production targets are themselves to go by the board, and reliance is to be placed instead on a fiscal stimulus to the maximum utilization of capacity in the form of a new tax on fixed capital. This is to be levied at an exceptionally low rate on highly capital-intensive public utilities such as electricity and transport undertakings,[3] but is otherwise to be non-discriminatory. The tax on wage-bills, which largely replaced turnover taxes, is to be abolished, and its discriminatory function is to be fulfilled by turnover taxes, which are to regain some of their former importance in the consumer-goods industries. The profits tax is to become a flat-rate tax (of 50 per cent), though it is to be supplemented by a tax on rents of location and the like. Average wages in each type of enterprise are, however, laid down in the Plan,[4] and the extent to which these may be supplemented by dividends out of profits is also laid down : the share of profit which may be distributed falls sharply as profit increases. The workers can vote themselves the whole of the profit (after tax) if the total is 15 per cent of the wage-bill, but even if net profits are as much as eight times the wage-bill, dividends may not exceed 50 per cent of wages, that is, 3 per cent of profits before tax.

The logic of these changes, complicated though they are, is simple : they are designed to reduce still further the number of arbitrary decisions on resource allocation which the State or local government authorities take and to increase somewhat the degree of correlation between the efficiency of an enterprise and its rewards; for the fiscal changes are being accompanied by the complete suspension of State import programmes and by the conferment of a greater freedom of investment decisions on the individual enterprises. In the first place, they can, if they wish, disinvest, provided they can find another enterprise willing to buy equipment which they consider surplus to their needs. Second, they can invest either in fixed capital or in stocks the whole of the profit left to them after they have paid their taxes to the Republics and the Federal Government. Third, whereas hitherto most investment funds have been distributed as grants through the Federal budget, it appears to be intended in future that the normal enterprise shall borrow at long term, as well as for working capital, from the National Bank, or rather from one of the newly founded local banks, and pay interest on its loans.

---

[1] In addition, of course, it fixed the relative prices of different classes of goods ; thus, it obviously bore more heavily on consumer goods than on producer goods.

[2] In an article explaining the importance attached by the Government to the reduction of costs which appeared in *Borba* (15 January 1952), it is assumed that the whole of the proceeds of such a reduction would be available to finance capital accumulation and Government expenditure.

[3] As also on socialized agriculture and catering undertakings. It is proposed that these and public utilities shall pay at a rate of 2 per cent, all other enterprises at 6 per cent.

[4] More precisely, it is laid down that the profit of each enterprise shall be calculated after deducting 90 per cent of the product of employment and “ average ” wages specified for different branches of activity.

For the moment, however, new presbyter seems to be but old priest writ large. High rates of tax have been fixed; nearly half the national income will still be routed through the State Budget; the proportion of total investment which is to be State-financed in 1954 has turned out to be unexpectedly high.[1] In the longer term, the degree of freedom to be given to enterprises will depend on the Yugoslav Government's interpretation of the scope of what might be called social capital—not only roads and public building, but also electric-power stations, steel works and the like, and investment needing subsidy in industries whose expansion is regarded as nationally desirable (for example, agriculture) or in backward areas. And it is probable that the Yugoslav Government will continue to take a broad view of its responsibilities in these directions.

Current discussions in Yugoslavia, nevertheless, emphasize to an almost exaggerated extent the virtues of market mechanisms as regulators of the allocation of resources. Great stress is laid on the importance of investments which will pay quick dividends: no regret is expressed that the investment programme of the Five-year Plan was predominantly of a type that could bring returns only rather slowly, but it is officially held that the extension of basic capacity has, in general, gone far enough for the moment.[2] Finally, the switch of investment resources towards agriculture which appears to be intended over the next few years in itself implies, as will be seen below, a wider spreading of responsibility for investment decisions.

Institutional Changes in Agriculture

For several years after 1948 the Yugoslav Government's attitude towards agriculture did not differ, except in detail, from that of the other eastern European Governments. There was an attempt to prescribe in detail the use made of agricultural land;[3] a system of compulsory deliveries at low prices serving both as a means of assuring food supplies for the towns and food-deposit areas and as a tax in kind on peasants' incomes; and a belief that, as a way to achieve higher yields and a more intensive agriculture, it was necessary to push rapidly towards the creation of large-scale farms which, in a socialist State, could be only co-operatives or State farms.

The land redistribution carried out immediately after the war had fixed the maximum size of holding of cultivated land at 35 hectares in the fertile regions of Serbia and Slavonia. Land held by private owners above this limit and all land held by the *Volksdeutsche*, largely in the plains, was confiscated. Some big estates were turned into State farms; other land was distributed to landless peasants and smallholders. As a result, the total number of holdings was increased by about 10 per cent, and the proportion of land in holdings of less than 5 hectares raised from 28 to 34 per cent of the total. These smallholdings, of course, had in effect no marketable surplus. In the Vojvodina, more than 40,000 Partisan families from other parts of the country were settled on the land confiscated from the Germans. As the immigrants had no strong emotional attachment to the land they occupied and were doctrinally already prepared, it proved easy to organize them into co-operatives right from the start.

Then in 1949, just after the break with the Cominform, the drive to collectivization was accelerated. *Kulaks* were induced, by discriminatory taxation (including higher compulsory delivery quotas) and sanctions against the use of hired labour, to join co-operatives;[4] an important stimulus to the smallholders was the desire to get enough food. The number of co-operatives increased nearly fivefold and the amount of land farmed by co-operatives by even more. Most of these co-operatives were of a relatively advanced type in the sense that the land was in theory pooled and in fact no rent was paid for it. In a technical sense, however, they were the reverse of advanced: the individual holdings continued to be cultivated more or less as they had been; very little was done to reduce the dis-economies of fragmentation; a great number of them still operated more or less as autarkic units having little in the way of economic relations with the outside world. As the following figures show, average yields on co-operative farms, even two years after most of them had been founded, were, in the Vojvodina (where collectivization was pushed farthest),[5] no better and apparently even lower than those on private holdings.

Average Yields in the Vojvodina in 1951 (Quintals per hectare)

	State farms	*Co-operative farms*	*Private farms*
Wheat	18.3	16.2	16.8
Maize	24.7	22.8	24.9
Rye	18.0	15.5	16.5
Sugar-beet	218.6	228.0	243.2
Potatoes	79.8	72.2	69.8

Sources: National statistics.

---

[1] Largely, it appears, because the amount of work still needed on key projects already begun has surpassed expectations.

[2] Or rather, will have done so when the key projects still in course of construction are completed.

[3] Among the other eastern European countries, only eastern Germany had sowing plans as well as a system of compulsory deliveries.

[4] Yugoslavia was the only country where *kulaks* were officially allowed to become members of co-operatives.

[5] In May 1951, when in Yugoslavia as a whole 27 per cent of the cultivable area was in co-operatives and State farms, the corresponding percentage for the Vojvodina was 52, while in the rest of Serbia it was as low as 10.

Table 51

DISTRIBUTION OF LAND HOLDINGS IN THE VOJVODINA

	1931	1947	1951 January	1952	1953 March	1953 November
	Proportion of cultivated area in different types of holdings *(percentages)*					
Private holdings :						
0– 2 hectares	4.4	4.8	4.0	4.4	..	..
2– 5 „	12.8	22.9	15.9	16.5	..	..
5–10 „	20.1	21.5	15.8	15.0	..	..
10–20 „	24.5	18.7	9.8	8.8	..	..
Over 20 „	38.2	11.1 [a]	2.1	1.7	..	..
Co-operative farms	—	9 [a]	43.9	53.6	34.7	14.6 [b]
State farms	..	12 [a]	8.5	..	10.6	14.5
	Number of agricultural households *(thousands)*					
Landless peasants	..	..	14.0	..	..	..
Private holdings :						
0 – 2 hectares	72.0	83.0	61.6	59.5	..	..
2 – 5 „	58.9	113.8	74.8	82.0	..	..
5 –10 „	43.5	57.9	35.6	37.0	..	..
10 –20 „	27.4	23.6	11.3	10.9	..	..
Over 20 „	13.8	5.7	1.4	1.3		—
Total	215.6	284.0	184.7	190.7	..	..
In co-operative farms	—	29.5 [a]	109.4	..	123.0	38.0
TOTAL	..	313.4 [a]	308.0	..	..	..
	Average size of co-operative and State farms *(hectares — cultivated area)*					
Co-operative farms	—	..	805 [a]	..	840	503
State farms			1 392	..	..	..

Sources : 1931, 1947, 1951: K. Mihajlović, *Proizvodne Snage NR Srbije*, Belgrade, 1953; 1952 : *Ekonomska Politika*, 23 April 1953; 1953 : *Ibid.*, 10 December 1953.

[a] Excluding small plots owned by co-operative farmers.

[b] Including general co-operatives as well as co-operative farms.

From 1949 to 1951, the share of co-operative farms in the total area did not change much. In 1952 there was a reorganization of some particularly unprofitable co-operatives and some reduction in the total number.

Finally, in March 1953, permission was given to the management committees of co-operatives to wind them up after the harvest and hand back to members the land they had brought in, and to individual members to leave the co-operatives. This at once brought an outcry from those landless peasants who had benefited from collectivization and who would now revert to their former status. The Government, in May 1953, announced a further and more drastic change in land tenure, which reduced the maximum size of holdings in the fertile regions from 35 to 10 hectares,[2] but this time provided for compensation of the owners for the forfeited land. In order not to add further to the number of smallholdings, this land was made available for use by State farms and co-operatives only.

Simultaneously, private holders were given authority once more to sell and to buy land (up to a maximum holding of 10 hectares), and it was enacted that, in future, individual members' relations with working co-operatives should be regulated by a contract (for at least three years) providing for payments of rent of the land and equipment brought in, as well as for labour performed. There was thus a rather complete retreat from the principles of policy held until that time.

---

[2] An exception was made for " communal families ", which may retain up to 15 hectares.

The effects of this last reform were immediate and revealing. In Croatia, for example, a co-operative farm regarded by the authorities as relatively efficient and, by Yugoslav standards, highly mechanized, was dissolved by its members on the ground that, when worked with machinery, it provided employment for only 300 persons, one-third of whom were skilled workers brought in from outside, whereas 1,400 had claims on the proceeds : far better that under-employment, if it were unavoidable, should be shared equally than that it should be brought into the open.[1]

Statistics on the recent changes are available only for the Vojvodina, but as this was the region mainly affected by the latest land reform,[2] their partial nature is not important. Indeed, the figures in Table 51 have the advantage that they relate to a very homogeneous area with the kind of soil conditions and physical characteristics that might have been expected to make it particularly suitable for large-scale farming. It will be seen that the effect of the first post-war land reform was to increase the total number of holdings in the Vojvodina by one-third ; after this, almost one-tenth of the peasants were still in the class holding more than 10 hectares. Discrimination induced more than half of these (and nearly four-fifths of the peasants farming more than 20 hectares) to take their land into co-operative farms. This land made up about 40 per cent of the total collectivized land ; its owners, however, accounted for only 15 per cent of the members. When freedom to leave collectives was granted in 1953, two-thirds of the members took advantage of it, and private owners, in spite of the buying-out of the *kulaks*, increased their share of the total land from 55 to 70 per cent. On the other hand, a few new co-operatives were founded as well.

It would be misleading to suggest that the Yugoslav leaders have lost their faith in large-scale farming.[3] On the contrary, there is every evidence that they intend to encourage it, at least in types of farming where technical considerations make it desirable and alternative employment opportunities make it politically possible to save labour, by making credits for equipment—which can of their nature be taken up only by large units—available more freely to agriculture.

In other respects, the methods of earlier years had been abandoned somewhat sooner. 1951 was the last year when there was any attempt to prescribe sowing patterns to farmers, 1952 the last year when any compulsory deliveries to the State survived. The system of taxation of agriculture, however, still retained disincentive effects on investment, because taxes were, in principle at any rate, assessed on farmers' actual crops and animals. From now on, a cadastral tax not varying with the use made of land and re-assessed at only infrequent intervals, is to be substituted.[4]

The Present Institutional Structure

Though much has changed in Yugoslavia, the socialist doctrine that it is degrading for man to be employed by man has never been given up, as the recent almost total exclusion of even small *kulaks* from the countryside illustrates. No individual may employ more than four or five others,[5] even in the service trades (e.g., in restaurants), where it might be thought that more individuality could with advantage be allowed.

Moreover, in spite of all the current enthusiasm for the principle of " rentability " and the free play of market forces, there is in fact little competition in much of industry ; nor is the allocation of resources really much influenced by freely playing market forces. The greater part of investment is still carried out by the State or the Republics. The basic rates of wages in each industry are centrally negotiated, and the distribution of profits to the workers is severely limited, first by rigorous taxes on enterprises and next by strict rules and regulations. The terms on which the import and export of each commodity are made are at the State's discretion, because of the system of discriminating exchange rates. The cropping patterns of the market sector of agriculture can easily be influenced by changing the relative prices offered by the State, which is, in effect, the only buyer in the case of some industrial crops and the biggest buyer in the case of crops (in 1953, wheat) for which guaranteed minimum prices are offered to peasants who agree to supply the State. Rates of interest are more or less at the discretion of the State because of the absence of a capital market. To the extent that market forces operate, it is chiefly in the field of consumer-goods production and sale, and even there, because of the discriminating turnover tax, only within individual industries or sections of industries. Nevertheless, a system in which the State exercises its controls indirectly and according to predetermined rules is something very different from one in which all programmes are centrally prescribed : the present atmosphere seems to be far removed from that of the day when it could be officially complained that " our people still incline to spontaneity ".[1]

---

[1] This was described by Mr. Bakarić, President of the National Assembly of Croatia, in a speech reported in *Borba*, 6 April 1953.

[2] Only about 200,000 hectares were to be redistributed in the whole of Yugoslavia : of these over 100,000 were in the Vojvodina.

[3] Thus, Mr. Bakarić, in the speech referred to above, spoke with regret of the disappearance of many co-operatives in 1953, though he clearly regarded it as inevitable in present conditions: "A collision of the means of production with private ownership has occurred and private ownership has won for the moment. [Even those surviving] co-operative farms, for the most part those which have more land per head and which have succeeded in intensifying their production . . . will certainly have to face the same problem sooner or later if they do not undertake in time measures to increase their means of production [by which, as the context makes clear, is meant food-processing plants and the like] . . . The link-up of land and private property is more difficult than the insufficiencies of tractors and other equipment. . . . Strong propaganda and education are needed, therefore."

[4] *Cf. supra*, Chapter 3, page 55, for a similar change in 1953 in the taxation of the private plots of collective farmers in the Soviet Union.

[5] The only exception is in agriculture at the harvest period.

4. Achievements and Future Plans

Recent Trends in Production

It is inherent in the new system of planning gradually elaborated that the targets set out in the Government's annual plans have a quite different status from those contained in the other eastern European Governments' plans and from those set out in the early Yugoslav plans. From being supposedly precise directives whose implementation could, in principle, be enforced in detail, they have become vague statements, sometimes of wishes, sometimes of general expectations about the way in which things will turn out. Moreover, in practice, the units in which targets have been expressed, though they may have corresponded well to the operational needs of the planners, have been statistically inconvenient. Thus, in the last two years, minimum rates of utilization of capacity have been set for each enterprise : but no statistics of capacity utilization have been published or indeed collected. Finally, even the indices of production in common use have changed their nature : from being mere aggregates of the value of production of each enterprise, they have become duplication-free indices of the type operationally necessary when the emphasis of planning has shifted from detailed quantities to national aggregates.[2]

It is thus impossible to compare achievement with plan for the last three years, and impossible to compare recent achievements with achievements in the years of centralized planning, except in the most general terms or for particular commodities. It is no less difficult to form any judgment as to the likelihood of attaining the goals announced (this time in a more articulated form) and shown in Table 52 for 1954 or adumbrated in more general terms for particular sectors of the economy, notably agriculture, over longer periods.

As was mentioned above in the discussion of the ill-fated Five-year Plan, industrial production as a whole was virtually stationary from 1949 to 1952. Activity on the key investment projects continued, however, so that there was a steady growth of industrial capacity, notably in such basic industries as iron

Table 52

INDEX NUMBERS OF INDUSTRIAL PRODUCTION IN YUGOSLAVIA

1951 = 100

	1949	1950	1952	1953	1954 Plan
Total	102	103	99	110	130
Electric power	86	94	106	117	135
Coal	103	108	100	95	107
Oil	..	91	103	131	164
Metal mining	100	104	109	117	..
Iron and steel	..	98	110	128	193
Non-ferrous metallurgy	..		107	108	121
Cement, refractory bricks, glass and ceramics	..	98	115	140	178
Chemicals	..	..	102	115	137
Engineering	..	..	100	119	145
Electrical equipment	..	91	135	186	240
Building materials	..	..	105	124	137
Wood	..	106	86	91	87
Paper	..	97	94	105	105
Textiles	..	118	90	86	102
Leather	..	117	80	71	77
Rubber	..	102	92	89	94
Food-processing	..	..	72	100	121
Tobacco	159	137	117	100	129

Sources : National statistics and Plan for 1954.

---

[1] Boris Kidrič, *On the Construction of Socialist Economy in the FPRY*, Belgrade, 1948, page 75.

[2] In the period of centralized planning, as in eastern European countries to-day, there was no operational necessity for indices of production weighted by net output. The planners' interest was in the detailed figures needed to calculate the degree of plan fulfilment of each enterprise and of each section of each enterprise.

and steel and electric power. In the majority of cases this increase in capacity was less than had been hoped for when the Plan was drawn up,[1] but in some instances capacity installed was of a type not contemplated in the Plan. The Plan, for example, had assumed that Yugoslavia's needs of metallurgical coke would be covered mainly by imports from the East ; when this assumption was invalidated, coke-ovens were erected, some of which came into operation in 1953, to serve the steel industry.[2] The Plan had counted on imported electrical generators : the new electrical equipment industry built up as a direct result of the failure of the Plan is one of the great technical successes of the new Yugoslavia. The output of generators and transformers was well above the Plan's targets in 1952 and has increased greatly since.

The period 1949 to 1952 was thus one of lack of balance between the different sectors of the economy. Capacity was built up at a far greater rate than supplies of materials, and even the attempt to use this capacity fully had to be abandoned. The target rates of utilization in 1952 and 1953 varied from 85 to 100 per cent in the heavy industries, but were as low as 40 to 60 per cent in such consumer-goods industries as food processing, tobacco, leather and textiles.

The proximate cause of the lack of materials was the shortage of foreign exchange. This in turn was due very largely to the unforeseeable succession of bad droughts (in 1950 and 1952), but was also in part attributable to the failure of agricultural policy, a product itself of the impetuous institutional changes described above and of the investment priorities laid down in the Five-year Plan and adhered to ever since. Indeed, it must be supposed that one decision taken after the break with the Cominform made things worse even than had been originally intended : this was the decision not to give high priority to investment in fertilizer factories in the list of key projects around which planning revolved. Fertilizer production in 1953 was hardly above the 1939 level.

The Plan had called for an increase of about 6 per cent over the 1939 level in the arable area. In fact, the ground which went out of cultivation during the war—poor land, but not always the poorest—has never been recovered for agriculture and the area cultivated has remained about 9 per cent below the pre-war peak. The land devoted to industrial crops and fodder for animals was to be expanded considerably. In the event there was an increase up to 1949, much of which was lost in later years. In spite of this, the area under grain has been about one-sixth below that of 1939. Yields have on the whole been below pre-war levels, even if the exceptionally bad year 1952 is disregarded as a freak. The number of livestock has been somewhat above the 1939 level, but in more than one year their condition has been inferior because of the shortage of fodder.

Because of the disparities which had developed between different sectors of the economy, the phenomenon of industrial unemployment appeared in 1952 for the first time since the war, and the number of unemployed was at one stage in the winter of 1952/53 as much as 17 per cent of the total industrial labour force of about 700,000. In 1953, even though raw materials were still scarce, industrial production started to rise again and, in the latter part of the year, was running at a rate 12 per cent higher than in the same period of 1952.

The Government's target for 1954 is a further increase of 18 per cent in industrial output. Employment in industry is, however, expected to rise by only 50,000—that is, by less than 10 per cent; less also than the number of unemployed in recent months. The implied increase in productivity appears large, but is rather a reflection of the previous inefficiency inevitable in under-employed enterprises. The increase called for in employment, though big when compared with the stagnation of the past, is not enough to make any appreciable impression on agricultural over-population.

Most of the increase in industrial output is expected to be in heavy industry, involving a higher rate of utilization of the capacity which has been created. Recent discoveries of hitherto unknown deposits are also expected to make probable big increases in output of crude oil—perhaps enough to cover half of Yugoslavia's requirements after a few years, though this development can scarcely affect the immediate prospects. One of the most serious needs for further expansion of capacity is in the cement industry, traditionally an export industry, where production is lagging behind demand.

In the consumer-goods industries, the increases postulated for 1954 are rather modest. The output of the food-processing and tobacco industries is largely a function of the size of the harvest in the previous year, which in this instance was good. In textiles and leather, however, even if these targets

---

[1] See Tables LII and LIII.

[2] The ovens, of a standard modern type, together with a costly lignite preparation plant, were built close to a lignite mine in Bosnia, because it was hoped that it would be possible to produce coke from a blend of specially prepared lignite with Istrian bituminous coal and imported coking coal. So far it has proved impossible to repeat, on a commercial scale, the success of the small-scale laboratory experiments, and the ovens are fed with American coal on which the internal freight from port to coke-oven is as much as 2,000 dinars a ton, while the costly lignite preparation plant remains idle.

Table 53

EMPLOYMENT IN INDUSTRY AND HANDICRAFTS IN YUGOSLAVIA IN 1952

Thousands

Area	Industrial workers employed	Artisans [a]	Total	Number of workers and artisans per thousand of population	Women employed in industry and trade as percentage of total
Slovenia	113	43	166	114	29
Croatia	160	69	229	58	25
Bosnia-Hercegovina	104	25	129	46	13
Serbia	175	128	303	44	19
Macedonia	21	25	46	36	14
Montenegro	4	3	7	17	16
Total	577	293	880	52	21

Sources : National statistics. [a] 1951.

are achieved, output will still be below its level in 1950 and probably 1949.

In the case of agriculture, it has been cautiously assumed that a harvest as good as that of 1953 can scarcely be expected in the next year. The increase called for in the gross national product as a whole is therefore no more than some 5 per cent, despite the much higher target for industrial production.

On investment policy, the details so far released on the 1954 Plan do not suggest much change in total or in its allocation. It is indeed stressed that a large proportion of the resources available had already been committed in advance for the completion of key projects started under earlier programmes. For the rest, more is to be devoted to small replacements, which it is admitted have been neglected in the past. State investment in agriculture will still be only 10 per cent of total State investment.

Great stress is laid on the importance of increasing exports, both to offset the expected decrease in economic aid from the United States, the United Kingdom and France (which in the year 1953/54 will be, at some $30 million, about one-third of the total for the previous year) and to permit bigger imports of materials.[1]

Long-term Prospects

The industrial labour force has increased from about 300,000 in 1939 to about twice that number. Though considerable efforts have been made to spread industry more evenly over the country, the divergences between the different regions remained striking, as is shown by the figures for 1952 in Table 53.

Moreover, in some of the more primitive parts of the country there are basic social problems still to solve : in Macedonia, for instance, it is said that, among the Turkish minority and the sedentary gipsies, the stimulus given by the sight of higher standards of living is weak, that the very will to development is lacking. At the same time, the dissatisfaction of many of the young with their lot makes development essential.

In the mountainous regions, though there is some scope for improving sheep-breeding, an intensification of agriculture sufficient to permit of the effective employment of the existing population, who sometimes have only 70 days of work a year on their holdings, is inconceivable. The only choice is therefore between the development of industrial centres in the valleys (such as is now being attempted in Montenegro and Macedonia, where a steel industry is being built up) and migration to other parts of the country undergoing industrialization. In part, the industrialization can take the form of small-scale establishments using agricultural materials, which would stimulate improvements in agricultural yields and methods, as well as create some employment at a comparatively small cost in terms of capital. But though this policy, which is indeed currently in operation in all the more backward regions, is attractive, it can have only limited results, because of the poverty of the soil.

The true agricultural problem of Yugoslavia lies elsewhere—in the persistently low yields in the potentially rich regions of Serbia and Croatia. The evidence available suggests that there has been practically no increase in yields per hectare in the Vojvodina, which produces about one-third of Yugoslavia's grain, since before the first World War. Moreover, the area is still so dependent on the chances of the weather that yields in a bad year may be reduced by as much as one-half; investments here and in the other fertile parts of the country could bring large dividends.

---

[1] Yugoslavia has recently concluded trade agreements with several countries of the Middle East and Asia under which exports of manufactured goods (subsidized, in effect, by differential rates of exchange) are exchanged for raw materials.

The neglect of agriculture was one of the main avoidable reasons for the failure of the Five-year Plan. Bigger carry-over stocks from good years would have saved foreign exchange spent on food imports in years of drought and so permitted a better utilization of industrial capacity and higher employment.

It is therefore understandable that a ten-year programme drawn up for the Government by agricultural experts and widely discussed in the Yugoslav Press, though never fully published, should have suggested, first, a differentiation of agricultural patterns between regions and, second, an ambitious campaign to raise production. The experts proposed that measures should be taken to raise the output of grain by 45 per cent (in spite of a reduction in sown area), meat by 43 per cent, milk by 90 per cent, sugar-beet by 100 per cent and vegetables and fruit by 90 per cent. These measures would include a twentyfold increase in fertilizer consumption, a fivefold increase in the number of tractors, the irrigation of half-a-million hectares in the Danube basin and a big expansion of food-processing capacity. The agricultural population would be expected to fall by one-sixth, and direct and indirect agricultural investment would average 70 billion dinars a year, or about one-quarter of the present total investment. The programme, in its present formulation, seems to neglect almost entirely both the social and the institutional difficulties of increasing investment to the required extent in a community of peasants and the economic implications of an increase of a million and upwards in the manpower to be employed in industry and building. The low figures for investment in agriculture under the 1954 plan indicate that the Government is not yet prepared to undertake a programme of this broad scope. Nevertheless, the main targets[1] suggested for increases in agricultural output should not be regarded as unrealistic, in view of present low yields, and they give the orders of magnitude in which it will be necessary to think.

It is now widely accepted that agriculture will continue to be the source of most of Yugoslavia's exports. The difficulty is that the products which Yugoslavia has to offer—mainly pigs and maize, as well as poultry and fruit—meet severe competition from other countries. The country's resources of timber—though recently overcut—and metals give Yugoslavia, however, a considerable advantage over the other countries of southern Europe. One other trump card should be mentioned—the energy field. So far, only a negligible percentage of Yugoslavia's very large water resources is exploited. If the discussions now proceeding with other countries are successful, Yugoslavia can look forward to earning a substantial income from its exports of electric power without damaging in any way its resources for its own use.

The cloud which hangs over future prospects is the great burden of defence. No under-developed country which has to devote 20 per cent of its income to maintaining its military defence can hope to make rapid progress, however well conceived its economic policies may be.

---

[1] Not, however, in all cases : for example, the authors of the Plan suggested an investment in viticulture almost as great as that in livestock.

Chapter 9

SOUTHERN ITALY

1. Introduction

Economic development in Italy has been heavily concentrated in the north-western part of the country, where Lombardy, Piedmont and Liguria form a fairly homogeneous area with a high level of industrialization and income. The north-eastern part (i.e., the three Venetias) and Emilia show in the aggregate a somewhat lower level of economic development.

The Apennine arch, roughly corresponding to the southern boundary of Emilia, marks a line beyond which every step southwards almost regularly means one step down in levels of economic development, as shown by Table 54, where the regions south of the Apennines are arranged according to latitude. The deterioration of conditions is fairly continuous from Tuscany down to Calabria at the southern end of the peninsula, interrupted only by Rome, the thriving administrative centre, and, to a smaller degree, by Naples, itself a former capital town. The two large islands, Sardinia and Sicily, fit into this general picture, though each of them, for separate reasons, is slightly above the level of the mainland opposite.

Table 54

SUMMARY INDICATORS OF REGIONAL DIFFERENCES IN ITALY, 1952

	Estimated income	Passenger motor vehicles [a]	Rate of illiteracy in ages 10 to 15 *1931*	Crude birth rate
	Thousands of lire per head	Seats per 1,000 inhabitants	Per cent	Per cent
North-west (Lombardy, Piedmont, Liguria)	271	125	1	1.3
North-east (Three Venetias)	160	89	2	1.7
Emilia-Romagna	188	112	3	1.3
Tuscany	169	102	4	1.2
Marche	131	79	5	1.6
Umbria	139	68	6	1.4
Lazio (excluding prov. of Rome)	120	36	7	1.8
Province of Rome	*223*	*151*		
Abruzzi-Molise	94	27	10	1.9
Campania	93	29	17	2.3
Apulia	85	35	19	2.4
Lucania	75	13	25	2.5
Calabria	70	20	26	2.5
Sardinia	112	28	16	2.5
Sicily	81	34	19	2.2

Sources : **Income per head and passenger motor vehicles : G. Tagliacarne "Calcolo del reddito del settore privato e della pubblica amministrazione nelle provincie e regioni d'Italia nel 1952 ",** ***Moneta e Credito*****, 1953, No. 22, pages 149 ff. ; illiteracy :** ***Informazioni Svimez*****, 1953, page 677; birth rates :** *Compendio statistico italiano 1953*, page 27.

[a] Cars, motor cycles and motor bicycles.

The remarkable uniformity of change from North to South may suggest various explanations. First, the gradual change over from the central-European climate of the Po Valley to the Mediterranean climate is reflected in increasing difficulties for agriculture and, therefore, in falling levels of income. Second, once the economic advantage of the north-western region is established, it inevitably becomes a radiating centre, in the sense that the prosperity of other regions comes to depend on their geographical proximity to it.

An equally important factor, however, is the different historical heritages, politically and socially, of Italian regions. Until a hundred years ago, all the mainland south of a line roughly coinciding with the present southern boundary of Marche and Lazio belonged to a separate political system—the kingdom of Naples and Sicily—which, since the Middle Ages, had been developing social patterns of its own. A deep-rooted feudal structure in that kingdom contrasted with the bourgeois civilization in northern towns such as Florence, Milan or Venice.

Many present economic differences, as will be seen, still reflect those old contrasts. There are good reasons, therefore, to define " southern Italy " according to this historical line of demarcation. This corresponds indeed to the concept of *Mezzogiorno* conventionally accepted in Italy and commonly referred to in special economic legislation in favour of the retarded regions of the country. In addition, the *Mezzogiorno*, as commonly defined (and as understood in this report), includes Sardinia, which in 1860 did not belong to the King of Naples.[1]

---

[1] Present administrative definitions of southern Italy are accurately explained in *Informazioni Svimez*, 1950, pages 739 ff.

Table 55

OCCUPATIONAL DISTRIBUTION, INCOME AND LEVELS OF CONSUMPTION IN SOUTHERN AND NORTHERN ITALY

	Southern Italy	Northern Italy	South as percentage of North
Total population, 1951 *(millions)*	17.6	29.5	..
Occupational distribution of active population, 1952 *(per cent)*			
Agriculture	53.0	37.3	..
Industry and transport	27.4	39.2	..
Trade and other	19.6	23.5	..
Net income per head produced in the private sector *(in constant 1938 lire)*			
1938	1 750	3 350	*52*
1952	1 630	3 610	*45*
Per cent of population below the " poverty line ", 1952	27.0	2.8	..
Expenditure by local governments [a] *(comuni)*, 1950 *(lire per head)*	4 361	8 190	*53*
Consumption of electric energy, 1950 *(kWh per head)*			
for light	23.8	54.7	*44*
for other purposes	114.0	548	*21*
Motor vehicles, 1952 [b] *(per 1,000 inhabitants)*			
Commercial vehicles	3.3	9.3	*36*
Passenger vehicles	29.3	103.1	*28*
Housing standard 1951 *(Number of rooms per 100 inhabitants)*	54	83	*65*
Food consumption :			
Meat *(kg. per head, 1951)*	8.6	19.7	*44*
Milk [c] *(litres per head, 1951)*	15.6	68.3	*22*
Sugar *(kg. per head, 1951)*	7.3	16.6	*44*
Daily calorie intake of adult industrial worker, 1948	2 803	3 034	*92*

Sources : **Population:** Official census. **Occupational distribution:** *Atti della Commissione parlamentare d'inchiesta sulla disoccupazione*, Vol. I, Part 1, page 59.

Net income : *Atti della Commissione parlamentare d'inchiesta sulla disoccupazione*, Vol. III, Part 1, page 38.

Population below " poverty line " : Parliamentary Commission, see *Rassegna di statistiche del Lavoro*, 1953, page 401.

Local Government expenditure : *Informazioni Svimez*. 1953, page 461.

Consumption of electricity : communicated by Svimez. **Motor vehicles :** Tagliacarne, *op. cit.*

Housing standard : *Informazioni Svimez*, 1953, page 371.

Food consumption : For whole of Italy : *Food and Agricultural Statistics*, O.E.E.C., Paris, 1953. Break-down between North and South communicated by Svimez. **Daily calorie intake:** sample survey by P.P. Luzzatto-Fegiz.

[a] Only *spese effettive*.

[b] Commercial vehicles : Number including motor boats.
Passenger vehicles : Number of seats in automobiles, motor cycles and motor bicycles.

[c] Excluding milk sold to processing industries.

A summary comparison between the South and the North of Italy, taken as aggregates, is given in Table 55.[1] It is, of course, always possible, by drawing appropriate demarcation lines, to show significant regional differences within any one country, and this is particularly true of the economically less advanced countries. Nevertheless, the Italian case as it emerges from these figures is a very special one, both because of the compactness of the two parts and because of the width of the gap between their average levels of development.

---

[1] Unless otherwise stated, the term " North " includes all Italian regions outside the *Mezzogiorno*—or South—as here defined. Italian literature sometimes distinguishes four main regions : North, Centre (Tuscany, Umbria, Marche, Lazio), South, Islands.

2. The Economic Structure of Southern Italy

Demographic Trends

The age and sex distribution of the 18 million people of southern Italy bears witness to a high rate of natural increase and a high rate of net emigration during past decades.

The death rate in the South fell only a little more slowly than in the North, where the fall was from almost 30 per thousand around 1880 to about 10 per thousand at the present time. But the movement of the birth rate has been very different in the two regions. Between the first World War and the present it fell in the South from 34 to 27 per thousand, while in the North it came down from 31 to 17. The scissors continued to open until the late 'twenties, and so far no clear indication of their closing has appeared. It is highly probable, however, that a marked decline in birth rates in southern Italy will be seen in a not too distant future.[2]

Since the turn of the last century, the high natural increase has been largely offset by emigration from southern Italy. Table 56 shows how different is the position of northern Italy, where the rate of natural increase has slowed down since the first World War and the emigration surplus has tended to disappear. In fact, northern Italy has progressively taken the place of foreign countries as an outlet for emigration from the South. Even as early as the census of 1931, more than one million persons born in the South were living in the North, whilst only 160,000 persons born in the North were living in the South.[3]

Table 56

POPULATION MOVEMENTS FROM 1871 TO 1951

Annual rates per thousand of total population

Period	Southern Italy		Northern Italy	
	Natural increase	Net emigration [a]	Natural increase	Net emigration [a]
1871 to 1881. .	7.9	0.2	7.0	2.2
1881 to 1901. .	10.5	4.0	10.0	3.3
1901 to 1911. .	10.9	6.8	11.8	3.8
1911 to 1921. .	8.0	7.1	4.7	2.3
1921 to 1931. .	13.7	3.1	9.2	2.3
1931 to 1936. .	13.6	4.9	7.7	0.3
1936 to 1951. .	13.2	4.2	5.9	0.02

Source : Atti della Commissione parlamentare di inchiesta sulla disoccupazione, Rome, 1953, Vol. III, Part I, pages 24-25.

a Including net emigration to the other part of Italy.

One effect of emigration is the comparatively low ratio of males to females in the economically active age groups. Even more important is the combined effect of emigration and a high rate of natural increase on the age structure. In comparison with northern Italy, the *Mezzogiorno* has a surplus of children and a very marked deficiency in the age-group 20 to 65. The distorted age and sex structure gives, of course, a serious handicap to the economy of southern Italy, since, even under the most favourable assumptions with regard to employment opportunities, the proportion of active to total population is bound to be low. Calculations based on the 1931 census have shown the ratio of " labour units " to " consumption units " then to be 58 to 60 per cent in the southern mainland, and 61 to 62 per cent in the Islands, as against 68 to 69 per cent in the north-western part of the country.[4]

The already abnormal sex and age structure points to the conclusion that large-scale emigration is hardly a sufficient substitute, in the long run, for an increase in investments and a decline in the birth rate as a means of relieving the population pressure. The general issue of emigration is discussed in another chapter. Here it need only be pointed out that over the decades to come an internal re-distribution of population inside Italy would seem a more likely development than massive emigration to foreign countries. The prospective trends of the natural growth of population in the two parts of Italy are, so to speak, of a complementary nature (Table 57), and the fact that the two regions—with such divergent demographic trends—form one single political community can be expected, sooner or later, to make an equalizing of demographic pressure both irresistible and desirable—not least from the point of view of the northern part of the country.

---

[2] See Chapter 16.

[3] See S. Somogyi, " Prospettive del potenziale demografico delle regioni d'Italia fino al 1971," *Rivista Italiana di Economia, Demografia e Statistica*, 1950, No. 3–4, page 138.

[4] A ratio of 68 to 70 per cent was also found for the United States, the United Kingdom, Belgium, Sweden, Switzerland, Austria and Czechoslovakia, while Portugal, Greece and Turkey were found to be at the southern Italian level. The calculations referred to are by A. Occhiuto, " Considerazioni intorno alla composizione delle popolazioni per sesso e per età e ad alcuni suoi effetti economici," *Rivista Italiana di Economia, Demografia e Statistica*, 1950, No. 3–4, pages 106 ff.

Table 57

PROSPECTIVE NATURAL INCREASE OF POPULATION [a]

Million persons

Period	SOUTHERN ITALY		NORTHERN ITALY	
	Total population	Age-group 15 to 59	Total population	Age-group 15 to 59
1951 to 1961	+2.3	+1.5	+1.1	+0.4
1961 to 1971	+2.2	+1.5	0	−0.3
1971 to 1981	+1.9	+1.4	−0.9	−0.3

Source : Svimez, *Popolazione e forze di lavoro*, 1952, pages 151-152, 164 ter.

[a] Assuming no migration.

The Forms of Agricultural Production

The agriculture of southern Italy is heavily overcrowded. More than half the active population is engaged in agriculture, which leaves about two-and-a-half hectares of agricultural area per person actively engaged in agriculture.[1] This would be little enough even if all the agricultural area were fertile plain. But in southern Italy the climate is arid and only 15 per cent of the total (geographical) area is plain, against 54 per cent hills and 31 per cent mountains. The pressure of population has therefore led to exploitation of even the least suitable lands[2]—often with the result of further deterioration of the soil through erosion.

There are, however, striking contrasts between different regions of southern Italy as regards the forms of land tenure and the degree of intensity of agricultural production. A crude classification by main zones is given in Chart 9.[3]

In the " A " zones, latifundia are predominant, with low-yielding cereal crops, hardly any arboriculture and little capital outlay for land improvement and implements. Labour gets from the landlords —or rather from middlemen-tenants—precarious, and often intricate, contracts, ranging from the lease of strips of land against money rent to share-cropping and daily wage contracts. About one-third of the land in these zones is now in peasant ownership, mainly small and scattered holdings, which provide only a part of the family's means of subsistence. The " B " zones differ from the above mainly on account of the greater extent of peasant ownership (about one-half of the area). Indeed, there is, so to speak, a natural correlation between peasant ownership and the kind of life prevailing in these semi-mountainous regions.

The zones marked " C " show about the same property and labour-contract structure as the " A " zones, but the pattern of cultivation is strikingly different. These are the coastal areas of intensive cultivation, with vineyards, olive and citrus fruit groves, other rich orchards and vegetable gardens and, finally, industrial crops. The amount of capital incorporated in the soil is exceptionally high, even by international standards; output per hectare is also very high, but because of the density of agricultural population, output per man is low. On the average, there are in these zones two hectares of land per person actively engaged in agriculture. The corresponding figure is 3.4 hectares in zones " A " and 2.3 hectares in zones " B ".[4]

The " D " zones are characterized by large farms devoted to relatively extensive grain and livestock production, sometimes with fairly advanced technical standards, and based on wage labour. Despite some distribution of reclaimed land, peasant ownership is relatively rare in these zones, amounting to scarcely one-fifth of the area. Finally, the " E " zones are no more than a marginal phenomenon in the South, an extension of central Italian conditions stretching some hundred miles south into the neighbouring Abruzzi. These zones are characterized by fairly intensive cultivation in family farms, under a system of stable share tenancy (*mezzadria*).

---

[1] Including females.

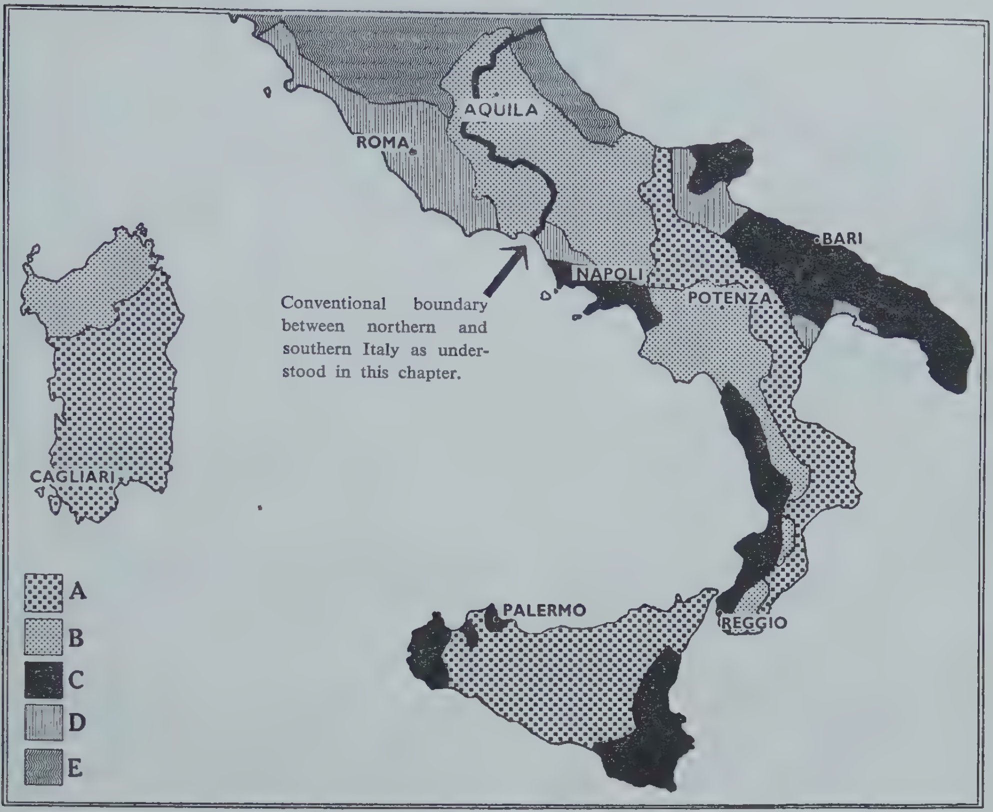
[2] The agricultural area (excluding forests and areas of rough mountain grazing) makes up 56 per cent of the total geographical area, as compared with, for example, 27 per cent in Greece.

[3] Map adapted from *Annuario dell'agricoltura italiana 1950* (I.N.E.A.), Rome, 1951, page 372.

[4] Density ratios are taken from *Annuario dell'agricoltura italiana 1950, op. cit.*

Chart 9

AGRICULTURAL ZONES IN SOUTHERN ITALY


AQUILA
ROMA
BARI
NAPOLI
POTENZA
Conventional boundary between northern and southern Italy as understood in this chapter.
CAGLIARI
PALERMO
REGGIO
A
B
C
D
E

NOTE. — A definition of each zone is given in the text.

Apart from the latter case, a general characteristic of agriculture in southern Italy is the crowding of the agrarian population in residential villages. The share of the population living in " centres " is 83 per cent in the South, against 52 per cent in northern Italy.[1] The residential centres themselves are much more " concentrated "—i.e., fewer and bigger—in the South. The historical explanation of this is that, until recently, the population was threatened by malaria in all low places and by robbers in isolated places. Even now a partial justification for the " monster village " can be seen in the dispersion of plots and the precarious, unstable relationship between the labourer and the land he tills. But the result is a waste of time and effort in moving to and from work, which has been estimated (for the aggregate of the " A " zones) at five hours per day per person.[2] In addition, peasants frequently have to keep one small ass for the main purpose of transporting their tools and materials to and from the fields.

The bird's-eye view of the structure of southern Italian agriculture given above may be supplemented by the more detailed data on output shown in Table 58.[3] It will be noted how heavy is the emphasis on crops to the detriment of livestock. With the exception of thinly populated Sardinia, the land hunger of a human population growing much faster than capital has, during the last century, tended to oust the livestock population. Despite some change from extensive to more intensive forms of husbandry, the total number of livestock has hardly increased since the 1908 census.

In the predominantly latifundian regions, the emphasis is on grain (overwhelmingly wheat). Highly intensive cultivation is concentrated in certain regions : wine in Campania, Apulia and Sicily; olives in Apulia and Sicily; citrus fruit in Sicily.

---

[1] See *Informazioni Svimez*, 1950, pages 218 ff.

[2] See Mazzocchi-Alemanni, " Insediamento umano, bonifica e riforma nei territori latifondistici," *Rivista Italiana di Economia, Demografia e Statisica, t*1950, No. 3-4, pages 329–330.

[3] For statistical reasons, the table is arranged by administrative regions, rather than by the homogeneous zones mentioned above.

Table 58

STRUCTURE OF AGRICULTURAL PRODUCTION IN SOUTHERN ITALY, 1951

	Campania and Apulia	Abruzzi, Lucania and Calabria	Sicily	Sardinia	TOTAL
Value of gross saleable output (*billion lire*)	339.2	232.5	240.0	56.8	868.5
of which (*percentages*) :					
Grain	14	21	19	18	18
Vegetables and industrial crops	17	10	8	8	12
Vineyard products	16	8	10	7	12
Olives and products	11	17	13	4	12
Citrus fruit	1	4	17	1	6
Other fruit	11	5	7	1	8
Sheep and products	4	9	4	33	7
Other livestock products	18	21	13	23	18
All other products	8	5	9	5	7
Total	100	100	100	100	100

Source : Annuario dell'agricoltura italiana 1951 (I. N. E. A.), Rome, 1952.

Town Life and the Level of Industrialization

The southern Italian population, despite the predominance of agriculture, is largely one of town-dwellers, as the following figures show :

	Percentage of total population [1] *living in communes of: 30,000 to 100,000*	*above 100,000*	*Total above 30,000*
Southern Italy	16.2	15.7	31.9
Northern Italy	12.8	22.7	35.5

Even as concerns large towns, the position of the two parts of the country would appear to be about equal if allowance were made for the fact that the capital city happens to inflate the figure for northern Italy. But when the structures of town economy are compared, striking contrasts appear between the North and the South. In southern Italy, the towns are almost exclusively dwelling centres and market centres for the surrounding regions, and only to a very limited extent production centres. On the average, only 5.5 per cent of the population in all towns of over 30,000 inhabitants is engaged in industrial activities (including handicrafts) in the South, as against 16.4 per cent in the North.[2] For the largest industrial centres in either region, Naples and Milan, the spread is no less than from 7.5 to 28.5 per cent. The southern deficiency is in industrial employment proper, while handicraft and small-scale activities in general are fairly developed. This is indirectly illustrated by the average number of persons employed (including self-employed) per industrial establishment, which for the total group of towns referred to above is 5.6 in the South, as against 10.6 in the North.[3]

These figures give a hint of the structure of southern industry by branches of production. In the southern regions, employment is at the northern level, or not far below it, in such trades as miller, shoemaker, tailor, carpenter, blacksmith, etc.—i.e. all the small-scale businesses which cater for strictly local customers. These are the four groups of " industries " listed at the top of Table 6. Although they also include a moderate proportion of activities on a real industrial scale, it may be inferred from various pieces of evidence that primarily handicraft trades account in the South for as much as one-half of what in official censuses is reckoned as manufacturing employment.

There is also a fairly high level of employment in public utilities and transport. These are sectors where demand, if any, can be met only by local production and, therefore, some industry had to develop, though of course less than in the richer parts of the country. The same consideration applies to building, in which the gap between North and South is nevertheless striking.

The extent of mining activity depends, of course, on the occurrence of natural resources (or, more exactly, on the chance of their discovery).[4] Within manufacturing, however, only a few minor examples can be found where the availability of local raw materials appears to have stimulated some industrial

---

[1] 1951 population census.

[2] 1951 industrial census.

[3] 1951 industrial census.

[4] For a discussion of mining in southern Italy, see Chapter 13.

Table 59

EMPLOYMENT IN SELECTED INDUSTRIES, 1951

Number of employed per thousand of population of ages 14 to 64

	Campania	Other Southern mainland	Sicily and Sardinia	Total Southern Italy	Northern Italy
Total manufacturing	63	47	42	49	142
of which :					
Food, drink and tobacco	16	16	13	15	14
Clothing	11	10	9	10	14
Timber	7	7	6	6	10
Engineering I [a]	4	5	5	5	8
Engineering II [a]	7	1	2	3	29
Textiles	6	1	1	2	30
Chemicals	2	1	1	2	9
Steel and metals	3	—	—	1	6
Stone and glass	4	3	3	3	8
Mining	1	2	10	4	3
Building	7	8	7	8	18
Electricity, gas, water	2	2	2	2	3
Land transport	8	7	8	8	11

Sources : Employment : Industrial census 1951 (provisional results). Population by age : Population census 1951 (provisional results as published by *Informazioni Svimez*, 1953, page 688).

[a] " Engineering I " includes only the group " *lavorazioni meccaniche* "—i.e., mostly blacksmiths and repair shops.
" Engineering II " includes all other engineering.

development. A typical case is the development of (State-sponsored) tobacco manufacturing, mainly in Apulia. Other cases, quantitatively more important than tobacco, are the few really industrial plants milling and refining oil, processing wheat, and producing *pasta*, making wine and preserving and canning tomatoes, fruits and other food. These account for perhaps one-third of the figures shown under the heading " food, drink and tobacco " in Table 6. On the other hand, as regards smelting and chemical plants based on local mining production, what is remarkable is not that something exists at all, but rather that so little has been done despite the obvious opportunities offered by location.

Thus, the industry of the South is practically limited to those activities which are called forth merely by the occurrence of strictly local demand or supply advantages, while the South is conspicuously deficient in the industries in which the economies of scale and specialization are greatest and in which —correlatively—much capital, risk-taking and organization are involved in any single initiative. The table shows that steel-making, chemical industries, engineering production proper and textiles are scarcely represented in the South, and the few plants which exist are markedly concentrated in and around Naples. It must be remembered, however, that the figures in the table do not reflect some enterprises begun under the recent policy for development of the South—for instance, the plant for superphosphates just started at Porto Empedocle in Sicily, cement plants near Naples and in Sicily and typewriter factories in Naples.

It is not surprising, on this background of retarded industrial development, that in tertiary activities too it is the higher forms of capitalist organization—such as banking and insurance services—which are lacking, while all petty trades—the independent retailer, the middleman, the barber[1]—are only too fully represented. This can be seen from Table 60.

---

[1] Included under " Hygienic services " in Table 60.

Table 60

EMPLOYMENT IN COMMERCIAL SERVICES

Number of employed per 1,000 of population aged 14 to 64

	Southern Italy	Northern Italy
Retail food trade	15.0	16.7
Hygienic services	4.5	4.1
Other minor services	1.7	2.8
Other retail trades	8.0	11.9
Wholesale trade	4.0	9.4
Credit and insurance	3.4	6.0
Hotels, coffee houses, etc.	5.2	11.3
Ancillary commercial activities	1.3	2.6
Total of commercial services	43.1	64.8

Source : Commercial Census 1951.

The comparative inflation of petty trades is partly an inevitable consequence of the fact that few other opportunities are open to those who have to make a living in the towns. Similar reasons and, perhaps, the persistence of inherited conceptions of social values make for a marked preference among intellectual workers for legal and literary training rather than training for productive industry. This bias is found at all levels of education (Table 61).

Table 61

NUMBER OF PUPILS AND STUDENTS IN SECONDARY SCHOOLS AND UNIVERSITIES
1950–1951

Numbers per ten thousand inhabitants

	Southern Italy	Northern Italy
Secondary schools :		
" Licei " and " Magistrali "	57	44
Technical and professional	23	38
Total	80	82
Universities :		
Legal branches	7.8	4.4
Literary branches	5.1	4.5
Mathematics and natural sciences [a] .	4.7	4.3
Medicine and pharmacy	7.1	8.5
Engineering branches	1.4	2.7
Other (including economics, agriculture, etc.)	4.7	5.9
Total	30.8	30.3

Source : *Informazioni Svimez,* 1953, pages 134 and 585 ff.

[a] This curriculum largely prepares for teaching careers.

To sum up, urban life in southern Italy is characterized by the prevalence of small-scale enterprise, especially in trade, with correspondingly low productivity, and by a hypertrophy of personal services, especially professional ones, equally with low productivity and low living standards. The corollary is a social atmosphere of frustration.

Economic Relations with the Outside World

Two major points emerge from the preceding description : the magnitude of emigration and the lack of industry. These two features largely govern the " balance of payments " of southern Italy with the outside world (including northern Italy).

Systematic trade and payments statistics, as currently prepared for States, are of course not available separately for the southern part of Italy.[1] The broad characterization of southern Italy's external balance which follows has had to be based on indirect evidence provided by production and consumption data.

The trade accounts of the south appear to be in approximate balance as concerns foodstuffs. Major items of net imports are wheat and sugar, and of net exports, fruit (mainly citrus), wine and olive oil.

The South is a net importer of most kinds of manufactures. On the other hand, there are substantial net exports of mining products, mainly Sardinian metals and Sicilian sulphur ; but it is unlikely that the surplus in mining exports is sufficient to offset the large deficits in manufactures and various other items (e.g., energy supplies).

The balance on tourist account is small at best and may even be negative; on the other hand, it is certain that there is a net outflow of income on industrial investment. Thus, the most probable guess would be that the South has a sizeable over-all deficit on goods and services account. The major offsetting item is a substantial inflow of remittances from emigrants in northern Italy and abroad, and it seems likely also, at least for the most recent years, that there is a net inflow from government spending in the South in excess of taxes paid from the region. But this, to repeat, is a crude estimate.

Briefly, then, southern Italy pays its way by exporting labour in order to buy manufactured goods. Thus, the fundamental question is whether the situation could not be changed in the future, by employing southern labour in southern Italy itself to produce more of the manufactures which are needed.

---

[1] For the balance with foreign countries (i.e., excluding the rest of Italy), some estimates have been published for Sicily which seem to show that it tends to have an active balance on merchandise account with foreign countries. (See, for example, F. dello Joio in *Rivista Italiana di Economia, Demografia e Statistica,* 1950, No. 3–4, pages 215 ff.) As for the whole of southern Italy, Svimez has published rough estimates showing that in 1949 72 per cent (in value) of total southern exports consisted of foodstuffs. In that year, total southern exports to abroad came to 80 billion lire, or less than 13 per cent of all Italian exports. (See *Informazioni Svimez,* 1951, pages 165 ff.)

3. The Natural Factors

As already mentioned, a set of natural handicaps makes southern agriculture different from, and poorer than, that of northern Italy. The term " natural handicaps ", however, implies no absolute and unchangeable limitation. It refers simply to natural environment as already modified by human action and to the techniques at present used. Canada was handicapped for wheat growing by its short summer until appropriate strains and cultivation techniques for shortening the ripening period were at last created. The low Po Valley was handicapped for almost all cultivation by its marshy nature; but "natural handicaps" were turned into natural advantages in fertility through investment in land reclamation.

Geographical conditions create handicaps in the South, because nothing comparable to the wide Po Valley, or even to the modest Arno Valley, is found there. The mountainous features of the South give the worst of both worlds: there are no really high mountains with permanent snows to provide regular streams to the surrounding region; but there are plenty of slopes too impervious for the traditional ploughing techniques or, if ploughed, exposed to soil erosion.[1] The rational use of all these lands would be to leave them as pasture, or in some cases forests, if a population pressing for bread and work were not there.

The soil structure shows a marked prevalence of clay (including the worst of all, slaty clay) over limestone in the southern Appennines and Sicily, in contrast to the rest of Italy. On the other hand, the limited limestone zones in the South have their own handicap: surface waters have sunk down, in recent ages, because of the natural fissures which go deeper and deeper in the rock basis.[2] In some areas, a further handicap to agriculture is the thick mantle of stones, which prevent ordinary methods of ploughing. Finally, in Sardinia (and some other regions) ages of wild vegetation have stiffened the soil to such an extent that no plough, but only giant scrapers, can get through.

The great climatic problem is rainfall. In most of the South, total yearly rainfall is not much smaller than in the North, but throughout the South the rain is markedly concentrated in the winter—i.e., in the dead season for ordinary European cultivations—whilst in spring and summer the southern warmth is little help to the plant, because it is starved of the necessary water. It is remarkable that no rice can be grown in southern Italy, whilst it is grown in the comparatively cold Po Valley.

There are two major ways of attacking the difficulties above. One is to develop cultivation specially designed to exploit southern, rather than northern, seasonal opportunities. Agricultural experts[3] have suggested how cultivation may be arranged so as to have the dead season in the summer, and maintain that, if the right adjustments are made, agricultural production need be no more hampered by climate in the South than in the North. The other way is irrigation, including the very effective modern "rain irrigation". What makes immediate conditions unfavourable is the deficiency of natural water reservoirs in the mountains; and the frequent occurrence of naked soils which cannot retain the rain on the slopes, and of too permeable soils which swallow up the streams in the valleys. As a result, southern inland waters exist only as torrents. Comprehensive water control schemes and utilization of underground waters are needed to change this unfavourable picture.

In short, while the natural environment of the South at its present stage of adaptation systematically handicaps it in relation to the North, there are substantial possibilities for further changes in that environment. That the tempo of change has so far been so slow is to be explained by the historical circumstances with which the next section of this chapter is concerned.

4. Historical Vicissitudes of the Southern Question

In recent discussions about the southern Italian problem it has often been maintained that levels of industrial development were about the same in the kingdom of Naples and in the rest of Italy on the eve of national unification. But this, as far as it is correct, is not strictly relevant. It is true that Naples, with over 400,000 inhabitants, was the most important town in Italy, and the silk industry and the few cotton-textile firms (established by Swiss and German initiative)[4] and engineering plants (mainly State-sponsored) in the southern kingdom were second to none of the industries of Genoa, Livorno, Turin or Milan. On the somewhat uncertain evidence of the 1861 census, taken immediately after the unification, the percentage of the active population engaged in industry and transport was actually higher in the South (30 per cent) than in the North (26 per cent). But these very figures give the key to the real situation : at least two-thirds of the so-called " industrial " population must have been accounted for by those handicrafts which are a normal complement of agricultural communities, and in neither of the two halves of Italy was modern industry a really important element in the economy. What mattered most for their comparative economic strength was the level of development reached by each in the agricultural activities which still dominated the economic structure.

---

[1] It is not unusual that fields have to be abandoned again after ten years of cultivation.

[2] See C. Maranelli, "Considerazioni geografiche sulla questione meridionale," 1907, reprinted in *Antologia della questione meridionale*, edited by A. Cajumi, Milan, 1950, pages 93 ff. It is mentioned there that there are techniques for finding and utilizing underground water which can defeat the evil.

[3] See Chapter 12.

[4] Southern enterprise was largely in foreign hands. This was so, particularly in the major export branches, such as the sulphur industry and the Marsala wine trade.

In agriculture, southern inferiority was certain, though it might not appear to the visitor who saw only the coastal strips near Naples, Palermo and Messina, then amongst the most splendid gems of Italian agriculture.[1] Outside these limited cases, all was extensive livestock or crop farming, and had any important surplus been produced, transport facilities for marketing it would anyway have been lacking.[2]

The First Impacts of the Unification [3]

There can be no doubt, then, that the South entered the United Kingdom of Italy as the poorer partner. Moreover, its formal position, as the " liberated " partner, was somewhat weak. The rule of the sovereign of Piedmont, then transformed into King of Italy, was simply extended over the former domains of the defeated and exiled King of Naples and Sicily. Both factors, the economic and the political, combined to make the South more exposed to the burdens of, and less able to reap all possible advantages from, the newly established unity.

The first visible loss to the South was that Naples immediately ceased to be the seat of a Government. Monetary and financial centres have to follow the political headquarters; and industry and trade tend, for obvious reasons, to concentrate near to them. Indeed, the very same day the defeated king fled from Naples, the Rothschild of Naples left the town. His example was later followed by many southern firms, which transferred their headquarters to more propitious centres.

Still more important was another form of transfer. Adequate capital is one of the most decisive factors in the success of new enterprise. Without it, even the soundest projects may fail. With it, intrinsically weaker undertakings may nevertheless ultimately establish themselves as " sound " and justified in retrospect. Northern firms, through their connection with Government and banking centres, had ample opportunity to grow into large-scale, solid and influential businesses, whilst southern firms, cut off from such connections, could not outgrow the stage of personal or family business, and, therefore, were comparatively helpless in the face of major market disturbances. One after another, southern entrepreneurs had to surrender and often their establishments were bought up by northern firms.[4]

This advantage of the North was paralleled in other fields. Generally, economic legislation and policy (as well as legislation and policy in other spheres) tended to be designed to suit the needs of the North. Authorities like Pantaleoni and Nitti showed that the system of State finance resulted in taxing the South to the benefit of the North. It may be doubted whether the net transfer involved can be exactly measured, but there is no doubt that, for instance, military expenditure was heavily concentrated in the North and that the forms of taxation applied (land taxation, schedular income taxation and excises) were favourable to the North, as soon as it had begun to advance in industrialization. Even more conspicuous, however, were the effects of legislation in two other fields, those of tariff protection and land reclamation.

Immediately after the political union, the tariffs were unified. The new tariff was much nearer to the previous Piedmontese tariff than to that of the

---

[1] These oases of intensive agriculture had developed particularly in the previous hundred years, but the beginnings date back to the Arab and Norman domination. It is noteworthy that they coincided with the rare districts of free—i.e., non-feudal—tenure. There is no doubt that lack of agricultural development and the survival of feudalism in the southern political and economic structure have been but two facets of the same reality.

[2] When Italy was unified, the former Kingdom of Naples and Sicily had 93 km. of railways, whilst the small Grand-Duchy of Tuscany had 256 km. and Piedmont, Lombardy and Venice together 1,303 km. The position appears to have been the same with roads.

[3] This subsection is based primarily on a forthcoming book by C. Rodanò, *Mezzogiorno e Sviluppo economico*, Laterza, Bari, 1954.

[4] One important example is the great industrial concern of the Florio family, ranging from the fishing and preserving of tunny (one-half of total Sicilian capacity) to wine production, shipyards, shipping, steel-making and ceramics. The giant wine plants of Florio in Marsala are still active, though at a very low level, under the control of a Turinese parent company; but the fish-preserving has been withdrawn from Sicily to Liguria; the ceramics industry has simply disappeared from Sicily. The industries of the Sicilian family Verderame, ranging from sulphur refining to shipping, had a similar fate.

Kingdom of Naples, as is shown by the following examples :

	New Italian Tariff	*Former tariff of*	
		Piedmont	*Naples*
		(Lire per 100 kg.)	
Cotton yarns . . .	10	20	28
Cotton cloth . . .	40	75	90
Raw wool	free	free	21
Woollen yarn . . .	40	60	193
Woollen cloth . .	140	300	free

Source : F. Milone, " Della distribuzione delle industrie in Italia ", *Rivista di Politica Economica*, January 1953, page 52.

It has been estimated that the change cost the South on the average 80 per cent of its former protection, which had been much higher than that in the North. Following the unification, Salerno's cotton industry entered a serious crisis, and, step by step, foreign goods displaced a wide range of southern industrial or handicraft products. Some years later, northern industry was ready to replace foreign suppliers on the southern market. It was helped by a timely change-over again from low to high protection in the 1880's.[1]

The tariff case is obviously explained mainly by the comparative strengths of the pressure groups concerned. But another case—that of land reclamation—probably resulted largely from an unfortunate lack of imagination. Soon after unification, uniform legislation for land reclamation and improvement superseded the older local provisions. But the new rules were designed mainly to solve drainage problems, which are typical of the Po Valley, while the South, desperately in need of other forms of investment (such as mountain water control), could make little use of the facilities offered. From 1861 to 1915, 330,000 hectares were reclaimed in the North, as against 2,000 hectares in the South. Only much later, in the inter-war period, was appropriate action taken to adapt the law to the real needs.[2]

A number of other examples to the same effect could be quoted. In fact, when listing the misfortunes which have hit the southern part of the country, historians have shown that, almost regardless of what happened, it was invariably to the detriment of the South. The free trade policy introduced in 1861 ruined southern industry ; the change from free trade to industrial protection in the 1880's was a blow to southern agriculture ; the extension of protection to wheat in 1883 made things still worse for the South, because it gave an excessive incentive to wheat growing at the expense of more desirable cultivation. There is certainly an important truth in the paradox that every move damaged the South. When an economy is comparatively weak, as the southern economy was, it is more likely to be hurt than to be spurred by any kind of external shock.

The actual development of the southern economy in the first decades after the unification may be summarized as follows. Outside agriculture and especially in manufacturing, the general trend seems to have been one of absolute decline. Old patterns of industry, largely based on home work, were disrupted by foreign imports, and modern industries did not arise to take their place. The active population in manufacturing was almost unchanged from 1861 to 1881 and subsequently declined—despite the continuous increase of total population—from 1.9 million in 1881 to 1.1 million in 1901 and to less than one million in 1911. The textile industry and therefore female labour suffered particularly. The fortunes of agriculture fluctuated. In particular, the opening of new markets during the short spell of free trade (combined with a seller's market during the American Civil War and the Franco-Prussian War) greatly spurred southern production. Subsequent changes in the export situation, however, caused serious troubles.[3]

Beginning of a " southern policy " after 1900

Before the end of the century it began to be realized that there was a structural disease in the economic body of Italy.[4] A book by Nitti, *North and South* (1900), which aroused passionate discussions, can be regarded as the milestone marking the beginning of a revision of policies towards southern Italy. It

---

[1] The crisis of the southern cotton industry in the first period following the unification is shown by a marked fall in employment. For the trend in subsequent decades, further evidence is provided by capacity statistics :

	Thousand spindles			*Thousand looms*		
Year	*South*	*North*	*Ratio of South to North*	*South*	*North*	*Ratio of South to North*
1876	87	678	*0.13*	1.9	13.6	*0.14*
1900	200	1 911	*0.10*	4.0	66.6	*0.06*
1950	203	6 565	*0.03*	4.7	137.4	*0.03*

Source : Confederazione Generale Industria, *L'industria italiana alla metà del secolo XX*, Rome, 1953, pages 689, 694, 696.

[2] See Ministero per la Costituente, *Rapporto della commissione economica*, Rome, 1947, Vol. I, part 1, pages 319 ff.

[3] The spread of wine disease in France, in the 1870's, was a boon to southern Italian exports. But both the progressive recovery of French production and, more important, the Franco-Italian tariff war in the 1880's put an end to these exports. In the 1890's, Austria and Hungary were in their turn affected by wine disease, and a new but short-lived opening was created. Meanwhile, between 1875 and 1890, the prosperity of the wine trade had led farmers in Calabria, Apulia and Sicily to replace olive plantations by vineyards; a short-sighted move which was regretted as soon as the tide turned. (See L. Franciosa : *L'olivo nella economia italiana*, Rome, 1940, Part I, page 5.)

[4] The coming to the fore of the " southern question " was largely due to the writings of such authorities as Franchetti, Sonnino, Fortunato, De Viti de Marco, Colajanni and Nitti.

continued to be a matter of dispute whether the South owed its inferiority to " natural factors ", to long-standing historical influences, or to neglect by the northern ruling class, but these differences were comparatively irrelevant against the solid recognition that a southern inferiority existed and that it was the Government's duty to cure it through appropriate policies.

The visible result of this change of mind was a series of " special laws " in the years 1901 to 1906, providing for public works, tax exemptions, minor subsidies, and other privileges, all restricted to some particular area within the South and, in 1906, certain tax exemptions were for the first time extended to the whole of the South. Similar special laws have since been enacted from time to time as the need has arisen. The main features of this legislation were, briefly, as follows.

Additional public works were badly needed in the South, and the special legislation in this direction was doubtless effective, although not up to the need. Criticisms have been raised not only of the inadequacy of appropriations but also of inflexibility in their application. For instance, the State undertook to pay a substantial share of some public works provided a local authority took the initiative. But southern local authorities often lacked any technical capacity to plan the works, or were too poor to find the money to make the start required and no works would then be undertaken. The greatest single undertaking was Apulia's aqueduct, authorized by a separate law of 1898 and begun in 1906.

Fiscal provisions were of two kinds. In certain cases, such as the reduction in land tax, their main purpose was to restore equality of sacrifice between tax-payers in the South and North. In other cases, the aim was to create an extra incentive to enterprise to go to the areas in question. This particularly applies to the so-called " special laws for industrial zones ", by which a number of facilities were extended to a certain zone in a town, such as customs exemption on imported equipment and building materials, exemption from profit taxation for a number of years and complete or partial exemptions from other taxes entering into industrial costs, reductions in railway rates, credit facilities, and even a guaranteed share of State orders. Such privileges were given to zones in Naples and, to a smaller extent, four other southern towns.[1] The incentives so provided have proved reasonably effective in the case of Naples, whilst in other cases, such as Messina or Reggio, they seem so far to have had little effect. Even in Naples, it appears that still better results would have been possible if the policy of incentives had been supplemented by the action of some co-ordinating and planning agency. Two of the most successful " industrial zones " in northern Italy, Marghera (Venezia) and Livorno, have in fact a Development Authority of their own.[2]

This directs attention to the fundamental deficiency of all the old special legislation for southern Italy. On the one hand, it failed to promote or strengthen local forms of economic administration, leaving everything to be done through central government instruments. On the other hand, because of the inherent limitations of central government machinery, there was no direct promotion of agriculture and industry through technical assistance and public initiative. During this period, the establishment of a few offices of agricultural experts to teach the farmers was the only step taken in this direction.

The period which saw the first series of special laws, also saw the height of emigration from the South. A short account of its course and of its unfavourable effects on population structure has already been given. It is widely accepted, however, that emigration had two favourable effects on the southern economy : the increase in the pressure of labour on land (resulting in falling wages and rising rents) was temporarily halted and the southern peasant was awakened from lethargy by contacts with socially and economically more advanced countries. Moreover, emigrants' savings financed an increase in peasant ownership of land.

Inter-war Policies and Other Influences

During the inter-war period there was less emphasis on measures to narrow the gap ; indeed, government policy during that period tended to divert public attention from internal inequalities of any kind and from regional contrasts in particular. Schemes inherited from the previous regime were continued and, as need arose, new actions which happened to favour southern districts were taken, although not presented or intended as part of a programme for the South. But two main features dominated Italian economic policy in the inter-war period. First, government control of the economy through protection and finance was supplemented by new, more and more pervasive, forms of intervention and all this eventually turned to the advantage of the better organized industrial groups. Second, emphasis was concentrated on self-sufficiency and strategic considerations. Hence, it was the unexploited agricultural resources of the South which commanded attention. The most significant benefits to it were, therefore, in the field of land reclamation and agricultural settlement : the costly, but splendid, scheme of the Pontine Marshes, just at the dividing line between North and South ; the Arborea scheme in Sardinia ; and finally the land settlement schemes in Apulian and Sicilian latifundia districts. The latter, however, had scarcely started when they were interrupted by the war.[1]

---

[1] A few northern towns have been given similar facilities.

[2] See M. Annesi," Aspetti legislativi dell'industrializzazione del Mezzogiorno ", *Svimez : Aspetti economici, tecnici e giuridici dell'industrializzazione del Mezzogiorno*, 1949, pages 113 ff.

Even greater was the impact on southern agriculture of the " wheat battle ". This much advertised national campaign (officially launched in 1926-27) consisted in a revival of the old Italian policy of wheat-price support. The impressive results are shown by Table 62.

Table 62

WHEAT ACREAGE AND YIELDS

Annual averages	Area sown (Millions of hectares)		Yield (Quintals per hectare)	
	Southern Italy	Northern Italy	Southern Italy	Northern Italy
1911 — 1914	2.5	2.3	8.2	13.3
1920 — 1924	2.4	2.3	7.7	13.3
1925 — 1929	2.6	2.2	10.5	16.2
1930 — 1934	2.7	2.2	10.5	18.1
1935 — 1939	2.8	2.3	10.9	19.1
1948 — 1952	2.5	2.2	10.3	20.7

Source : National statistics.

NOTE. — In this table, the figures for southern Italy include those for Lazio. Figures for northern Italy refer to 1939 boundaries.

In the northern part of Italy, the area sown remained constant, while the yield per hectare increased steadily. In the southern part, yields remained at a very low level and a substantial increase in production was obtained only by extending the wheat area largely at the expense of fodder production. At the same time, the spread of vineyards, fruit orchards and vegetable gardens, which had been very rapid in previous decades, slowed down.

Apart from a few particular cases,[2] industrial policy in this period worked, in the event, against the South, which had to buy industrial products from the supported northern industries at prices much above those of the world market. The agricultural price support provided no compensation, because it favoured those products, notably sugar and wheat, in which the South has no surplus or even a deficit and not those products of which the South is a net seller —fruit, wine, etc. There was truth, therefore, in the current saying that the South had " to buy at protected prices and to sell at world market prices ".

It may be added that the inflations caused by the two World Wars made it more difficult for the South to overcome its industrial inferiority. Since the existing firms, mainly located in the North, were enabled by the inflation to write off their investments, it became the more difficult for eventual southern newcomers to compete with them.[3] This disadvantage for southern industrialization certainly outweighs, in the long run, the temporary benefit which the South may have drawn from inflation's improving the terms of trade of agriculture.

Action after the Second World War

The war hit the South harder than the North, not only because the economic weakness of the South made it more vulnerable, but also because it was more directly affected by military operations. It has been estimated that 28 per cent of industrial capacity in the South was destroyed, as against 18 per cent in the North. In particular, the loss of electricity capacity in the South caused a paralysing energy crisis. On the other hand, separation from northern sources of industrial supplies and contacts with occupying forces spurred southern initiative and brought new outlooks on techniques and standards of consumption.

The combined effect of the dislocation of the southern economy and—a more important factor—of the general earthquake in Italian political life connected with the collapse of Fascism was to bring the " southern question " to the forefront again. Special action for the South soon became a generally accepted principle of policy.

The application of this principle can be traced along many paths, and only a very summary description of the different steps can be given here.

First of all, a series of laws were enacted, beginning at the end of 1947, which confer special benefits on the South as a whole. The kinds of benefit given recall the old ' special laws ' : fiscal and customs privileges, reductions in railway rates, and additional public works. In addition, a new emphasis was placed on the granting of credit facilities. Besides these multi-purpose laws, particular advantages for the South, or for individual southern sectors, were expressly established by other laws.[1] Finally, there has been a set of laws constituting or financing separate agencies for the promotion of particular sectors (mainly in power, mining and irrigation) which are localized in the South.[2]

---

[1] Statistics for 1942 show that, at that time, the South had got its fair share of land reclamation projects planned, but lagged behind the North as concerns works in progress. As to projects completed, the disparity was enormous. See detailed figures in Ministero per la Costituente, *op. cit.*, pages 372 ff.

[2] The main instances are coal mining in Sardinia and military engineering production in Naples.

[3] Similar effects resulted from the financial reorganization at public cost of undertakings hit by the depression.

Meanwhile, a completely new path had been opened by the introduction of various forms of regional self-government. Sicily got a regional charter in 1946 which conferred a wide field of self-government and Sardinia got smaller powers in 1948.[3] The Sicilian charter, besides reserving to the region certain fiscal resources, entitles it to a special State grant intended to help raise the island's economy to the average Italian level. The power conferred to the region has enabled it to take more effective action for economic development than that in other regions.

Other ways through which Italian policy had paid attention to southern realities are the general legislation in favour of mountain districts and of agricultural credit, and, above all, the new land reform movement. The problem of absentee ownership was most acute in the South, where it gave rise to widespread land occupations. The first zone in which the Government began land reform was Sila in Calabria (1949). Subsequently, land reform agencies have been established in other selected zones (1950), which are largely concentrated in the South.

To supplement the various lines of action reviewed above and expand them into an integrated long-term plan of public expenditure for southern economic development, a special authority—*Cassa per il Mezzogiorno*—was set up in 1950. Both the administrative flexibility granted to the new body and the magnitude of the sums involved make it a new departure in the history of Italian action for the South.

The *Cassa* has 1,280 billion lire to spend in the twelve years 1950-1962. The average yearly rate roughly corresponds to one per cent of Italy's national income. In the original plans, about three-quarters of total expenditure is to be concentrated on agricultural development and the rest mainly on other public works such as water supplies, roads and railways. However, it has always been realized that the *Cassa* should not ignore the pressing need for industrial development. Its powers in this field have been progressively extended. From being authorized to set up agricultural industries alone in limited cases, it was subsequently enabled (1952) to utilize loans from the International Bank for financing industrial projects in general. The *Cassa's* activity, past and planned, is shown in Table 63.

Together with direct action by the *Cassa*, the flow of public investments in the South has continued through other channels, such as the housing plan.

The amount of public investment per head of population in 1952 is estimated to have been as high in the South as in the North.[4] But since the level of income in the South is less than half, and that of private investment per head probably still about one-fourth, of what it is in the North, an even greater effort may be required if the gap is really to be closed.

Table 63

INVESTMENTS BY THE CASSA PER IL MEZZOGIORNO

Sectors	EXPENDITURE IN MILLIONS OF LIRE		Thousands of man-days spent in investment works during the three first fiscal years
	Total planned *1950–1962*	Spent in the three first fiscal years [a]	
Mountain and agriculture	770	102	25 522
Aqueducts and sewers . .	110	12	1 887
Roads	90	38	8 549
Others	105	2	546
Not allocated	205	—	—
Lending operations (financing of industries and hotels)	—	6	. .
Total . . .	1 280	160	40 504
of which 1950/51	. .	4	. .
1951/52	. .	43	. .
1952/53	. .	112	. .

Source : Communicated by *Cassa per il Mezzogiorno.*

[a] These include the whole of the expenditure on farm improvements, for which the *Cassa* contributes only 35-40 per cent of the total cost and of the industrial investments towards which the *Cassa* provides credit up to 45-50 per cent of the planned expenditure.

---

[1] For instance, the share of southern regions in credit facilities has sometimes been laid down explicitly in law and some laws have provided that a given share of State orders " might ", or " should ", be placed with southern firms.

[2] For details on this post-war legislation, see M. Annesi, " La recente legislazione economica per il Mezzogiorno ", *Svimez : Contributi allo studio del problema industriale del Mezzogiorno*, pages 123 ff.

[3] Special attention was given to Sicily and Sardinia in 1944. Two special laws gave economic assistance and facilities to the islands, more effectively than and long before the special laws for the whole of southern Italy.

[4] See estimates by P. Saraceno in *Cassa per il Mezzogiorno: Atti del Convegno di Napoli 4–5 Novembre 1953.*

5. PROSPECTS AND PROBLEMS

The Peculiarity of the Southern Italian Question

Since the unification, the economy of southern Italy has continued to lose ground in relation to that of the northern part of the country, and even the absolute advance has been very small. The compensatory policy inaugurated in the early 1900's failed to turn the tide, not because it was wrong, but because it was inadequate. The size of the task today is no less, and probably greater.

Both the particular difficulties of, and the particular possibilities for solving, the development problem of the *Mezzogiorno* stem from the central fact that it is a depressed part of a larger national entity. This makes the southern Italian case a quite specific one, not easily comparable with the problems of the other southern European countries dealt with in this report.

The natural attraction of enterprise and savings away from the dependent towards the leading zone, has been, indeed, a dominant feature of Italy's economic history during the last century. But these spontaneous forces can be counteracted or reversed by conscious political action. Once responsibility for such compensatory action has been accepted, partnership with a more developed region need no longer be considered an unmixed evil for the under-developed one. Partnership also offers particular opportunities for the development policy to be undertaken and, given appropriate action, the advantages can be made to prevail over the disadvantages.

Political integration admittedly severely limits the freedom to stimulate the growth or establishment of enterprise in the under-developed region. Neither a customs wall protecting infant southern industries from northern competition nor an all-Italian tariff structure paying more attention to southern than to northern requirements seem to be practical possibilities. In general, uniform national policies can scarcely be made to serve chiefly the interests of a particular region, nor is there great scope for open discrimination in fiscal and economic legislation. Roundabout solutions, such as compensatory subsidies, or compromises, such as regional autonomy, are possible, but give only limited room for manœuvre. Moreover, the range of products which can be developed in the under-developed area may be restricted by consideration for prior developments in the other parts of the country.[1] It might, for instance, be argued that southern Italy should refrain from expanding cotton textiles or shipbuilding although local conditions would be favourable, because there is much idle capacity in the North.

On the other hand, the development of the backward area can be commended to the more advanced as a means of providing enlarged markets. In fact, the plan of the *Cassa del Mezzogiorno* for public works was launched in 1949, at a time of slackening business activity, and its anticyclical benefits to the North have been a strong point in its favour. This illustrates the fundamental advantage offered by the symbiosis of a developed and an undeveloped region within one State. Idle capacity in the richer area and sheer need in the poorer one cannot, of course, be brought together to the mutual advantage without appropriate financial action. But the political feasibility of such action is clearly much greater when it lies entirely within the sphere of one State than when international lending or grants are necessary.[2] This holds good, *a fortiori*, to the extent that measures of assistance to the retarded area may be inspired by social rather than material considerations.

Comparative Merits of Different Lines of Progress

No simple formula can provide an answer to the question of priorities in the development of different sectors.

There is evident scope and need for considerable investment in agriculture. A conservative estimate[3] suggests that the present large agricultural population of the South[4] is, on the average, unemployed for about one-third of the year. While in some areas reductions in agricultural manpower are ultimately unavoidable, in others unemployment and under-employment reflect primarily the extensive forms of cultivation still maintained over half of the region and the consequent very uneven distribution of labour demand over the year. The investment needed to change the pattern of cultivation and absorb the present unused labour might be about 2 to 2.5 million lire for every full additional job created. The output per additional man-day will be at least at, and probably above, the present average level.

---

[1] The argument here implies that policy reflects an objective assessment of the " general interest ". From the more realistic viewpoint of policy as the resultant of the tug-of-war between particular interests, it is all the more likely that industrial development in the South will be limited by the situation in the North. The need to use the existing capacity in the North is likely to be more vociferously pressed than that to provide new jobs for southern peasants.

[2] In the case under review, the leading action has been a regional transfer of income and liquidity through central government revenue and expenditure, but some re-orientation in the flow of private finance seems also to have followed.

[3] Based on *Atti della Commissione parlamentare di inchiesta sulla disoccupazione*, Rome, 1953, Vol. I, Part 2, pages 17 ff. See also Vol. I, Part 1, page 73 and Vol. II, Part 3, page 17.

[4] In northern Italy, agricultural unemployment and under-employment, though important, are on a smaller scale than in southern Italy.

The investment required is largely in machinery and wells. The revolutionary changes made possible simply by deep-ploughing with the most recent types of tractors are only now beginning to be realized. Not only can the need for irrigation be partly circumvented by deep ploughing, but it may also level off eroded hills into compact, cultivable fields. In short, there is large scope for the application of modern methods in the agriculture of southern Italy; Table 64 provides some illustration of this. The technical changes, as mentioned, have to go hand in hand with a change in the production pattern towards more intensive crops. Since cyclical and chronic marketing difficulties set very narrow limits to expansion in citrus fruit and, more acutely, wine, the main change has to be a diversification of the crop pattern, with more fodder crops, as a basis for a considerable increase in intensive livestock farming, and more industrial crops.

Table 64

RESOURCES USED PER THOUSAND HECTARES OF AGRICULTURAL AREA, 1951–1952

	Southern Italy	Northern Italy
Tractors in use (*number*)	1.4	6.9
Consumption of fertilizer (*quintals of fertilizing elements*)		
Nitrogen	57	115
Phosphoric Anhidride	99	216
Potash	2.2	23.9
Consumption of insecticides [a] (*kg.*) .	104	259

Sources : **Tractors** : *Congiuntura economica,* 1953, page 239. **Fertilizers and insecticides** : *Informazioni Svimez,* 1953, pages 860 ff.

[a] Synthetic organic compounds.

There thus appear to be ample technical possibilities for improvements in southern Italian agriculture. It is maintained by some observers that the contrast between the backwardness of the agricultural methods actually employed and the possibilities offered by modern methods is now so sharp that a comparatively small push might suffice to set spontaneous forces of progress in motion. By contrast, in industry, a much more sustained push may be required before cumulative, spontaneous progress will begin. However that may be, it is certain that higher purchasing power in agriculture is the basic market condition for progress in industry. Moreover, many even of the most general measures of social welfare—from flood control and water supplies to the town to the removal of quasi-feudal social constraints—happen in practice to involve also action in favour of agriculture. There would seem, then, to be sufficient justification for the choice actually made in the Italian policy for the South, which started by concentrating mainly on agricultural development or general welfare.

Intensification of agriculture, though highly rewarding at the present stage, is, however, very far from being enough to provide productive employment for the increasing southern population. Even if agricultural employment could in the next ten years increase to 3 million really full-time jobs—which is much more than can be expected at the present rate of agricultural investment—employment outside agriculture would have to be created for an additional one and a half million people in order fully to absorb the increase of population in working age. The only hope of accomplishing a major part of such a task is in industrialization.[1] For reasons already given, such a development will not follow automatically from the expansion of total effective demand resulting from public expenditure in other sectors. More direct action is required.

As for the lines along which the planned industrial expansion should be directed, no simple formula of priorities can be laid down. The simple rule of developing labour-intensive rather than capital-intensive branches is clearly an inadequate guide. The start which is being made (though still on a small scale) in southern Italy has rightly been concentrated on such industries as cement, fertilizers, and energy—all somewhat capital-intensive. In all these cases the ruling consideration was that production should be adjacent to the market or sources of supply. In other cases, industries which on various grounds should be developed in the South—such as food-processing, and agricultural machinery—happen also to be labour-intensive, and the case for them is thereby further strengthened.[2]

---

[1] Public works, taken by themselves, are no more than a temporary solution. As regards tertiary activities, there is ample scope for improving their structure, for example, by developing credit institutions and increasing the number of technicians while leaving the already overcrowded branches of personal and middleman services to contract. But no substantial expansion of the total numbers employed appears desirable.

[2] The problem of priorities is further discussed in Chapter 14.

Ways and Means

As already pointed out, a prerequisite for accelerated development is financial transfer to the benefit of the South. Rearrangement of the patterns of public expenditure and, to a smaller extent, of public receipts in recent years has already contributed to this end. The gradual reform of the Italian tax structure which has been in progress for some years, though not primarily inspired by such ends, may in fact contribute to them. If the reform ultimately makes the tax structure much more progressive and tightens the taxation of corporate profits, the proportion of total taxation falling on the South will be reduced. However, up till now, greater advantages have been granted to the South under a more direct form—that of fiscal privileges. Regional autonomy has recently strengthened this trend since regional authorities have been given some power to decree fiscal reductions or exemptions in their own area. As already indicated there are limits to the scope for such regional particularism. Nevertheless, Sicily,[1] for instance, has benefited considerably. Eventual abolition of such fiscal privileges will need to be compensated by an appropriate financial transfer under the more open and orderly form of subsidies or grants.

Fiscal action has, however, only a minor role in development policy compared with that of public investment and enterprise in their various forms. The organizational difficulties in carrying out public works in the past have already been mentioned. Public spending lacked, on the one hand, flexibility to mould itself to local needs, because it was entrusted to the normal agencies of the central administration, or prescribed in detail by legislation ; on the other hand, and paradoxically, it lacked co-ordination into compact regional schemes, because it was under the purview of several different ministries. The *Cassa per il Mezzogiorno*,[2] being a single development authority [3] set up to administer separately all extraordinary public works for the South, seems now to provide a solution.

Whilst public works are an essential pre-condition, the direct fostering of productive enterprise involves other forms of State intervention. Increased attention is now being paid to the supply of credit to the South. The latest step in this direction was the creation of new regional institutions for financing small and medium-scale industrial firms in the South.[4] This is a promising move, because it attacks one major deficiency of the South. The creation of big industrial units would not suffice for a viable industrial structure unless it were complemented by a network of smaller undertakings. If only on account of the distance from financial centres, small and medium-sized business in the South has until now had difficulty in securing credit. Once appropriate agencies have been established, there is the further problem of making credit terms sufficiently easy and cheap. Different techniques for easing credit terms have been used in Italy, ranging from the Treasury's underwriting the lender's risk, to the grant of a subsidy to interest charges. The latter system seems most appropriate in the case under consideration, the more so if its application can be made sufficiently automatic to avoid the need for administrative choice between different southern borrowers.

Credit facilities alone, however, may prove insufficient to call forth private initiative in the directions and on the scale that are needed. A further stimulus is given in Sicily, where the regional authority enters into temporary partnership with private capital so as to share the initial risks of new enterprises.

While this peculiar combination of private and public enterprise may prove a practical solution in certain cases, mainly for medium-scale projects, a wide field remains for the traditional forms of public enterprise. Where investment units are large and public money is required to finance them, public enterprise is a natural solution. The Italian Government has a powerful instrument in its industrial holding institute, I.R.I. Industries under the control of I.R.I. already employ 30,000 workers in southern Italy and new developments are under way. The participation of the I.R.I. in the recently approved project for the control and utilization of the Agri River points to the increasing role that it may play in southern industrialization.[5]

---

[1] Sicily introduced special reductions in the State Turnover Tax. It also introduced changes to the company law in order to free Sicilian companies from the compulsory registration of shareholders. Although the advisability of this step may be questioned on more general grounds it certainly acts as an indirect fiscal incentive to set up companies in Sicily rather than elsewhere in Italy.

[2] Long before the *Cassa* was set up, a private non-profit body, the Associazione per lo Sviluppo dell' Industria nel Mezzogiorno *(Svimez)*, had taken up the task of co-ordinating and developing research work on southern problems. The preparatory work performed, and still being performed, by *Svimez* is now proving a most valuable basis for policy formation.

[3] Regional land reform agencies may also be mentioned as an appropriate form of development authority at present at work in Italy. (Precedents are found in the land resettlement agencies of the inter-war period.)

[4] Three new institutions were created by the Law of 11 April 1953—one for the southern mainland, one for Sicily and one for Sardinia. Their share capital is partly subscribed by the *Cassa per il Mezzogiorno*.

[5] Besides the I.R.I., other state holding institutes, such as E.N.I. (hydrocarbons), A.Ca.I. (coal), A.M.M.I. (metal mining), provide channels which might further be utilized for direct public investments in southern industrialization. At a different level, regional bodies such as the Sicilian and the Sardinian electricity boards also deserve mention as examples to be strengthened and multiplied.

Limiting Factors

Shortage of suitable labour has not been an important limitation on carrying out development projects in southern Italy. Experience has shown that, although shortages in particular skills do of course occur, they can quickly be overcome. Lack of flexibility of the administrative and planning machinery has been a more important limitation. But the great bottleneck at present is the capacity to import ; this is indeed the limiting factor to which Italian economic policy explicitly adjusts the speed of development in the South.

Svimez and *Cassa* have produced estimates of the import implications of extraordinary public investments in the South.[1] The direct import content of public works of the kind currently being undertaken by the *Cassa* is rather small, about one-tenth of the total amount spent. But some 24 per cent of the consequent increase in personal expenditure is likely to be spent on imports. Leaving aside the repercussions of public spending on private investments [2] it is found that for every 100 billion lire of additional public expenditure Italian imports can be expected to increase by about 33 billion lire,[3] of which dollar imports account for about 8 billion lire.

In principle, three kinds of action could break this foreign exchange limit on investment ; foreign assistance, compression of imports and expansion of exports. Some limited contribution can be expected from the first. The International Bank has agreed to finance the additional dollar-import cost attributable to the current investment by the *Cassa*,[4] as evaluated by the type of calculation described above. The scope for import compression is restricted by the political impracticability of certain kinds of control, particularly drastic changes in the fiscal system (such as forced savings), or consumers' rationing. Indeed, the very estimate of the indirect effects of public expenditure referred to above assumes as a datum the present fiscal system and the present liberal import system. In any case the margin for reduction of " non-essential " imports is rather narrow in Italy (of the order, at most, of one-tenth of total imports).[5]

In principle, export expansion is the most desirable and hopeful solution. The currently unused industrial capacity of the North would suffice to provide both a greater flow of goods to the South and an export flow well above the present depressed level. On the other hand, the import restrictions imposed by other countries on some of Italy's main agricultural export products are a severe handicap. Italy's export problem is further discussed in a later chapter.

* * *

It has been seen that a really significant change in Italian attitudes and policies towards the depressed South has taken place in recent years. For half a century the question of the *Mezzogiorno* was on the agenda of Italian economic policy, but the action taken was half-hearted and sporadic. The new policy initiated by the creation of the *Cassa per il Mezzogiorno* is far more comprehensive and sustained, and thus indicates a clear and conscious break with the tradition of the past decades.

But it is difficult to see how the gap in economic levels between the two parts of Italy can, within a foreseeable future, be greatly reduced without a considerable further increase in the amount of public investment in support of the South. The extraordinary public works are of the order of only one per cent of national income per year and more direct policies for industrialization have so far been on a small scale. Even on the most favourable assumptions, the contribution from abroad can be of only marginal importance, and the solution of the southern question therefore depends upon overcoming the social obstacles which prevent a greater sacrifice by the richer part of the country, whether it be in the form of sterner fiscal measures, direct controls, or the sacrifice involved in a more aggressive export policy.

---

[1] See " Economic Effects of an Investment Programme in Southern Italy ", published by Svimez, Rome, 1951. The figures quoted in the text are based on a revised estimate used by P. Saraceno, *op. cit.*

[2] A systematic study of these repercussions is being made. Preliminary inquiries by the *Cassa* suggest that such induced investments are of the order of one-tenth of the expenditure by the *Cassa*. See P. Saraceno, *op. cit.*

[3] Italian incomes would meanwhile increase by 166 billion lire.

[4] Two " tranches " of 10 million dollars each were placed at the disposal of the *Cassa*, one in October 1951 and the other in October 1953.

[5] This figure takes into account the fact that Italian imports of machinery, which have recently risen very much, may be partly classified as " non-essential " in view of the industrial capacity existing in the North.

Chapter 10

SPAIN

1. The Present Economic Situation

The present economic difficulties of Spain are the product of several serious distortions in the economic structure : an extremely backward agriculture, an industry which is out of balance because of the inadequate development of power and transport, and long-standing difficulties in foreign trade. These interacting factors keep production at a low level and, the distribution of income being very unequal, the standards of living of workers and peasants are still certainly below those of 1935. The decline in real wages (including social payments) from 1935 to 1952 varies between 10 and 30 per cent.[1] Because of their low wages, a high proportion of wage and salary earners have to seek odd jobs outside working-hours, with the double result of lengthening the working-day and reducing productivity. Since wages are frozen, a rise in prices makes the difficulties acute, as was seen in March 1951, when an increase in transport fares unleashed a strike movement in Barcelona and later in Bilbao and Madrid. The essential problem is that of food supplies, which are admitted to be inadequate for large sections of the Spanish population.

Table 65

AGRICULTURAL PRODUCTION AND TOTAL POPULATION IN SPAIN

Index numbers — 1929 = 100

Year	Index of agricultural production	Index of population
1930	90	101
1931	92	
1932	110	
1933–35 . .	100	
1939	77	
1940	72	111
1941–44 . .	83	
1945–49 . .	74	
1950	74	121
1951	98	
1952	94	

Sources : La Renta Nacional de España en 1951, Consejo de Economia Nacional, 1952, page 14. (For 1952, *Economia Mundial,* 28 November 1953, page 3).

Note. — The figures take into account the correction of the statistics for cereal production and sown areas made by the Ministry of Agriculture in 1951, when it was noticed that, as the result of a systematic error, the figures given for the previous 10 years had been roughly 20 per cent too low.

The Backwardness of Agriculture

Agricultural production has stagnated for many years, which is all the more serious because the population has been increasing, since the beginning of the century, at a rate of about one per cent per annum. Table 65 shows that agricultural production did not regain the 1929 level until 1951—when climatic conditions were exceptionally good—while population had increased over the same period by 4.5 millions, or 20 per cent. These two factors have combined to produce two consequences which are extremely serious for the Spanish economy; first, a very low level of nutrition and the need for greater imports of foodstuffs, and second, a further increase in underemployed manpower in agriculture, especially during the period 1940 to 1950, when the active population in agriculture rose by half-a-million or 10 per cent, most of whom joined the agricultural proletariat of 2.5 million seasonal farm-hands.[2]

Agriculture accounts for approximately half the total active population. It has been estimated that the surplus labour in Spanish agriculture amounts to about two million people,[1] or more than 35 per cent. It seems likely, however, that the extension of irrigation, including the prospecting and sinking of wells, could make cultivable vast areas which are at present arid. The Minister of Agriculture stated in November 1952 : " There are in Spain areas of arid land with water to be found at a depth of three metres, and yet crops are perishing where they could be magnificent. "

---

[1] The *Anuario Estadístico de España 1952,* shows declines in real wages amounting to as much as 50 per cent—e.g., in the case of miners. This seems to be exaggerated and probably does not take full account of the increase, since 1935, in social benefits.

[2] The picture as presented by the International Institute of Agriculture in 1939 : *Population and Agriculture, with Special Reference to Agricultural Over-population,* League of Nations, Geneva, page 46, is still valid :

> " With such an agrarian structure and its accompanying economic risks and with the severe climate that prevails over much of central Spain, resulting in great fluctuations in yields that are in any case, owing to the poor soils and extensive, one-crop system of the latifundia, very low, agrarian distress is very severe, undernutrition is prevalent, and bad sanitary conditions are accentuated by agglomeration of the population in the large villages."

The inadequacy of the efforts made so far explains why fluctuations in rainfall cause such extremely violent swings in agricultural production[2] and especially in grain crops, which are concentrated in the arid central plateaux *(campos de secano)*. However, even in 1950, when the grain harvest was bad, the value of output per head of the active population in this region of the interior was about the same as in the humid region of the Atlantic coast, or in the irrigated Mediterranean region (see Table 66). This reflects the fact that land hunger has led to a particulary heavy overcrowding in these more fertile regions. In the *huerta* districts of Murcia there are three farms to the hectare and 1,200 inhabitants to the square kilometre " the worst agricultural congestion in Europe ".[3] Whilst in the irrigated zones *(campos de regadío)* there are mainly tiny holdings, many of them with several crops a year, the interior and Andalusia are characterized by vast latifundia on which agricultural wage-earners find employment during only part of the year.[4]

The owners of latifundia receive high incomes but do not usually invest them in agricultural development, mainly because this would increase the administrative burdens of land ownership. Another reason for low agricultural productivity is shortage of fertilizers—in spite of the recent efforts by the *Instituto Nacional de Industria,* a national holding company, to increase domestic production of nitrogenous fertilizers.

The Bottleneck of Energy

The essential feature of Spanish industry to-day is the lack of balance in its structure. The basic industries and the transport system have not progressed rapidly enough to sustain the growth of the manufacturing industries. As a result, these industries work far below capacity, or intermittently, and their production costs are high. The existence of the national holding

Table 66

GEOGRAPHICAL DISTRIBUTION OF AGRICULTURAL PRODUCTION IN SPAIN, 1950

	Active male population in agriculture *Thousands*	Hectares per man employed in agriculture	Value [a] per head *Thousands of pesetas*	Value [a] per hectare *Thousands of pesetas*
Provinces of the Atlantic coast [b]	852	2.0	12.6	6.1
Provinces of the Mediterranean coast [c] .	878	3.2	13.0	4.0
Coastal provinces of Andalusia [d] . . .	621	3.9	9.8	2.5
Total coastal provinces	2 351	3.0	12.0	4.0
Inland	1 826	7.7	12.7	1.6
Grand total	4 177	5.1	12.3	2.4

Sources : **Areas :** *Estadística de Propietarios de Fincas Rusticas de España,* Instituto Nacional de Estadística, 1951 (data refer to 1947). **Values:** *Anuario Estadístico de España,* 1952, page 103 (data refer to 1950). **Active population :** *Censo de la Población de España,* 1940; *Classificación por Profesiones* (data refer to 1940).

[a] Value of all crops, including grassland.

[b] Includes the following provinces : Alava, La Coruña, Guipuzcoa, Logrono, Lugo, Navarra, Orense, Oviedo, Pontevadra, Santander, Vizcaya.

[c] Includes the following provinces : Alicante, Baleares, Barcelona, Castellón, Gerona, Lérida, Murcia, Tarragona, Valencia.

[d] Includes the following provinces : Almería, Cádiz, Granada, Huelva, Málaga, Sevilla.

---

[1] See René Dumont : " Les excédents démographiques de l'agriculture méditerranéenne ", in *Population,* Institut national d'études démographiques, Paris, October-December 1951, page 599.

[2] The drought of the years 1947 to 1949 also caused a fall in livestock numbers, already reduced by the Civil War. Sheep-rearing is still the most common form of livestock raising and provides Spain with practically all its raw wool. The sharpest decline was in the number of pigs :

Livestock numbers (millions)

	1933	1950
Cattle	3.6	3.1
Sheep	19.1	16.3
Pigs	5.4	2.7
Goats	4.5	4.1

[3] René Dumont, *op. cit.*

[4] In the regions where the olive tree is the only crop—e.g., in the province of Jaen—extra labour is required on a large scale only during the picking season, a matter of 45 days in the year.

company, the I.N.I., designed to supplement the insufficient amounts of private investment capital, might have been expected to be a decisive factor in removing such bottlenecks. But, although the I.N.I. has promoted investment in the basic industries, it has spread its resources—which are in any case rather limited—over other sectors also [1] (see Table 67).

Table 67

INVESTMENTS [a] BY THE INSTITUTO NACIONAL DE INDUSTRIA

Millions of pesetas

	1949	1950–1951	Per cent of total investments 1942 to 1951
Liquid fuels, lubricants and nitrogenous fertilizer [b]	140	404	31.4
Oil refining	139	3	3.0
Electricity production [c]	155	203	17.9
Mining, steel [d] and other metals	17	82	5.5
Engineering industry	93	158	14.5
Manufacture of artificial fibres	12	15	2.3
Nitrogen [c] and other chemicals	2	5	0.3
Refrigeration plant	1	7	0.3
Transport and communication	112	153	16.3
Dockyards	10	43	6.0
Other industry	3	27	1.7
Other loans and advances	42	–1	0.8
Total	726	1 099	100.0

Sources : Memoria del Ejercicio 1949, Instituto Nacional de Industria; *Resumen sobre Finalidades y Actuación hasta 31 de diciembre 1951,* I.N.I.

[a] Investments : Sums paid out in participation by the I.N.I., plus loans and advances.

[b] " Empresa Calvo Sotelo ". This firm produces a considerable amount of electricity, partly for its own use.

[c] Excluding " Empresa Calvo Sotelo ".

[d] The " Empresa Nacional Siderúrgica ", now under construction, will produce a large quantity of nitrogen.

Industrial production is limited for long periods by lack of electric power. It is estimated that restrictions reduced electric-power consumption on the average by 10 per cent between 1947 and 1951, and, during the autumn of 1953, the factories in Madrid, Barcelona and Valencia were idle three days a week for lack of current. The basic difficulty is the extremely irregular production of hydro-power in the years of drought and the lack of a sufficient reserve of thermal capacity.

Variations of something like 50 per cent are recorded between one year and the next in the number of kWh produced per kW of installed hydro-electric capacity. But thermal is only about 25 per cent of total capacity. The thermal stations could burn domestic low-grade fuel, the output of which could easily be expanded. It must be added, however, that the amount of equipment which has to be imported per kW installed is higher for thermal than for hydro stations.

The shortage of electric power is further aggravated by the fact that the internal network and connections with the neighbouring countries are little developed, so that it is impossible, for instance, to increase imports of electricity from France. The continual restrictions have led industrial and commercial undertakings in the main towns to install electric generators of their own which use imported fuel. This has stimulated domestic production of these appliances,[2] but for the economy as a whole it means a waste of resources.

Coal production, though increasing in recent years, is still inadequate. The equipment is obsolete and in a poor state of repair. Output per man-shift is relatively low, as can be seen from Table 68. The recontinues to be a shortage of miners, because of low wages and poor housing conditions. At present, about half-a-million tons of coal a year have to be imported, and the construction of steel works such as that planned at Avilés will require an extra two to three million tons of coal each year. Likewise, full utilization of the capacity for cement production would involve an additional half-million tons of coal.

Table 68

PRODUCTION OF COAL PER UNDERGROUND WORKER IN SPAIN AND SELECTED EUROPEAN COUNTRIES

Tons

	1935	1951
Hard coal [a]		
Spain	218	221
France	318	316
United Kingdom	376	399
Lignite		
Spain	157	171
France	381	582

Sources : Estadística Minera y Metalurgica de España, Consejo de Minera, Madrid, 1933-38, 1945, 1951, *Kohlenwirtschaft der Welt in Zahlen,* Statistische Übersichten über die Kohlenwirtschaft, Deutschlands und der Auslandes, 1952. *Quarterly Bulletin of Coal Statistics for Europe,* Economic Commission for Europe, No. 4, 1952.

[a] Hard coal and anthracite added ton for ton.

---

[1] The most striking example is the construction of an aluminium plant at Valladolid, although the supply of electric power was insufficient. Production has been only about 3,000 tons a year, whereas, according to I.N.I. (page 34 of its report for the financial year 1949), the plant is profitable only at an annual output of at least 30,000 tons.

[2] For the three years 1949 to 1951, the production of small electric generators amounted to a total installed capacity of 390,000 kW. During the same period the installed capacity of large thermal plants rose by only 240,000 kW.

Bottlenecks in Transport

Industrial production and trade in agricultural products are badly handicapped by the unsatisfactory state of transport, especially rail transport. Railway rolling-stock is used to the full, frequently with an inadequate safety margin. In terms of ton/kilometres, freight traffic has increased by more than one-half since 1935, though the rolling-stock is, if anything, worse than it was then (Table 69). Neither rolling-stock nor permanent way are in any state to meet the demands of an appreciable expansion in production. Frequent accidents and repairs add considerably to transport costs. A scheme for reconstruction and development produced by the Spanish Railways in 1946 failed to materialize for lack of foreign currency. Present plans require not only imports of large quantities of timber for sleepers, but also annual deliveries of about 200,000 tons of steel, which represent 20 per cent of the country's production. A start has been made on a scheme for electrifying 1,400 km. of track, the net result of which would be a saving of about one-half of the coal now used on these lines. But this makes the construction of thermal generating plants even more urgent.

Road transport is not yet in a position to make up the deficiencies of the railway system. The road network is inadequate and has not, in any case, been properly maintained over the last fifteen years or more. The expansion of the road system is an essential prerequisite for the development of many towns which lie off the six main highways radiating from Madrid. A plan for modernization was prepared in 1950 but work began only in 1952. Motor vehicles are few and in poor condition. Imports were insignificant until 1948, and are still low. During the second World War, lorries which had already gone to the scrap heap had to be put back on the road [1] and they are, naturally, constantly in need of repairs. New factories are now under construction and production of lorries is expected to rise from 500 a year to 3,000 by 1956. Large-scale imports will still be necessary, both of railway equipment and lorries, if the transport bottleneck is not to hamper all progress in production.

Table 69

SPANISH RAILWAY TRANSPORT

Year	Length of railways [a] *(kilometres)*	Number of wagons		Ton-kilometres [a] *(Millions)*
		Passenger coaches	Goods wagons	
1906	14 155	6 178	48 767	. .
1929	17 016	7 993	86 245	. .
1934	17 228	6 779	91 504	. .
1935	17 222	. .	. .	4 683
1945	17 557	3 965	88 298	4 676
1950	17 872	4 146	85 048	7 305
1952	17 992	4 287	85 867	7 822

Sources : Anuario Estadístico de España 1951 ; Anuario Estadístico de España, Edicion Manual, 1953; *Recueil trimestriel de statistiques*, Union internationale des Chemins de fer, édition du 3e trimestre 1953.

[a] Broad and narrow gauge for lengths of railways ; broad only for ton-kilometres.

Foreign Trade

All these difficulties resulting from a backward agriculture and an unbalanced industrial structure are reflected in the foreign trade position. The sharp fluctuations in agricultural production from one year to the next, around an average which is in any case inadequate, make it necessary to import essential foodstuffs; about 10 per cent of the wheat consumed since 1946 has been imported, and, as a result of the poor harvest in 1953, there is a deficit of one million tons of wheat, or one-quarter of consumption. Exports of agricultural produce account for about half the total value of exports and citrus fruits alone for about one-fifth. Hence the fall, as compared with the pre-war period, in production of oranges, resulting partly from shortage of fertilizers, has had serious consequences. The volume of exports of citrus fruit in 1949 and 1950 was only half that of 1930 and a recovery did not take place until 1951; even in that year they were still 25 per cent below the 1930 level. But the difficulties on the supply side were hardly beginning to disappear when those on the demand side came to the fore : in July 1953, measures were taken by the Government to prevent any new planting of orange trees.[2]

The difficulties encountered by industry, resulting as they do in increased costs, are an obstacle to exports. The Government is trying to improve the competitive position of Spanish exporters by an elaborate system of multiple exchange rates. Textile exports have done best—particularly cotton manufactures—and in 1950 amounted to 16 per cent of the total value of exports to foreign countries compared with 3 per cent before the Civil War. Under the system of bilateral trade generally practised by Spain, a number of countries have increased their imports of Spanish textiles in order to open up markets for their own exports. The low level of wages should enable Spanish textile exports to maintain the present volume, so long as the textile industry is not hampered by further shortages of power.

---

[1] There were 53,000 lorries in 1945 as against 34,000 in 1934.

[2] For a further discussion of the marketing problem of southern European citrus fruit, see the Appendix to Chapter 16.

Earnings from exports are not sufficient to pay for both imports of foodstuffs, raw materials and fuel, and the imported industrial and agricultural equipment which is needed. Apart from commodity exports, earnings from tourism and some external credits are the only sources of foreign exchange. Tourism has very recently become important. In 1952, the number of foreign tourists is believed to have been 1.5 million; but a comparison of this with the official figure of $40 million[1] for receipts from tourism suggests that a large proportion of the foreign currency paid by tourists escapes the official channels. The credits opened by Argentina in the years 1946 to 1949 made it possible to import wheat at a time when the food situation was critical. The credit of $62.5 million from the Export-Import Bank, opened in 1950 and utilized in 1952 and 1953, served mainly for purchases of cotton and other raw materials. France extended a credit of $635 million in 1953 to be used for French deliveries of equipment for the new Avilés steel plant. Under the new agreements concluded with the United States in September 1953, Spain will receive assistance amounting to $226 million for the fiscal year 1953/54, but the greater part of this will be used for military equipment and only $85 million represent economic aid. In spite of these several credits, Spain will hardly be able to acquire the equipment needed for widening the main bottlenecks unless the necessary imports are given an absolute priority.

2. Economic Policies and Results

Before the Civil War

At the beginning of the twentieth century, Spain had not even begun to feel the impulse given to western Europe by the Industrial Revolution. The once dynamic and brilliant country had been declining for three centuries. Two-thirds of the working population were peasants and agricultural productivity was as low as almost anywhere in Europe. Less than one-sixth of the working population was employed in manufacturing industry and in transport and, except in the textile industry, the artisan rather than the factory worker was the typical figure.

It was the influence of the other countries of western Europe, and largely their direct intervention in its economic life, which started Spain on its first steps towards modern development. Foreign capital was attracted by the country's virtually unexploited mining resources. In the case of the most important deposits, those of iron ore, the main development occurred at the beginning of the century, and in 1907 production amounted to 10 million tons—almost all of it for export.[2] This level was never reached again, and at present production is only 3 million tons. Steel production doubled from 1900 to 1907 but was still less than 300,000 tons. The mining of pyrites and lead ore also increased rapidly before the first World War. Foreign capital helped to start modern undertakings such as steel mills and power plants, chemical industries, railways and ports. Besides the influx of foreign capital, there was a flow of repatriated Spanish capital from the colonies lost after the war with the United States. This also played an important role in building up heavy industry.

The first World War enabled neutral Spain to increase its production in response to the high world demand. Indeed, the only periods in which Spain has had an export surplus have been during the two World Wars.[3] The consequent marked expansion of industry led, for example, to an increase in coal production—from 3.7 million tons in 1913 to 6 millions in 1918—and there was a threefold increase in industrial consumption of electric power over the four years.

The most powerful impetus to development was, however, the growth in world demand during the 'twenties. Between 1919 and 1929, industry developed rapidly and there was a big rise in the urban population. The upward trend was accelerated through the efforts made by the Primo de Rivera Government in 1924 to 1926 to increase the volume of public works and improve the transport system. Industrial production reached a peak towards 1930, after which, with the beginning of the world depression, it declined steadily until the outbreak of the Civil War. For some of the main branches of production, the maximum reached in 1929 has not yet been regained, although the population is now one-fifth greater (Table 70).

The Spanish economy was hit hard by the great depression, but this did not lead to any profound reorientation of economic policy in the years up to the Civil War. The measures taken aimed primarily at preventing a further growth in the number of unemployed in the towns through an influx of agricultural workers. To this end, a law passed in 1932

---

[1] Statement by the Minister of Trade, in a speech made in June 1953.

[2] In the early twentieth century, ores and lead represented more than one-quarter of the total value of exports.

[3] With the sole exception of 1950, when the surplus sprang from the rise in ore prices after the outbreak of war in Korea.

Table 70

OUTPUT OF SELECTED INDUSTRIAL PRODUCTS IN SPAIN

Year	Coal [a]	Iron ore	Pig-iron	Steel ingots	Cement	Sulphuric acid [b]	Super-phosphates	Refined sugar [c]	Cotton yarns
	Millions of tons					*Millions of quintals*	*Millions of tons*	*Millions of quintals*	*Thousands of tons*
1906 . .	3.21	9.45	0.38	0.28	. .	0.09	. .	1.00	. .
1913 . .	3.97	9.86	0.44	0.39	0.51	0.33	0.23	1.27	. .
1920 . .	5.42	4.77	0.26	0.32	0.48	1.55	0.37	0.90	32.10 [d]
1929 . .	7.11	6.55	0.77	1.02	1.82	1.73	0.97	2.31	30.76 [d]
1935 . .	7.03	3.98	0.34	0.64	1.46	3.34	1.08	3.32	. .
1939 . .	6.76	3.59	0.46	0.65	1.19	1.51	0.42	1.33	45.60
1947 . .	10.49	2.38	0.50	0.61	1.79	3.67	0.37	1.44	59.60
1951 . .	11.35	3.25	0.65	0.82	2.32	7.08	1.06	2.46	52.30
1952 . .	12.03	3.85	0.76	0.90	2.46	8.02	1.24	4.41	63.96

Sources : Estadistica Minera de España ; Anuario Estadistico de España, 1920–1953; *La Renta nacional de España,* Consejo de Economia Nacional.

NOTE. — Gross production data have been shown for all commodities, no attempt has been made to express metal ores in terms of metal content or sulphuric acid in total acid content.

[a] Anthracite and hard coal.

[b] Owing to differences in definitions, all figures prior to 1935 have been multiplied by 1.23 to obtain a uniform series.

[c] Cane and beet.

[d] Production in Catalonia only, approximately 93 per cent of that for all Spain.

forbade agricultural workers to leave their villages, and measures were also taken to prevent mechanization in agriculture. Industrial protection was reduced as a concession to agriculture.

Thus, economic policy was mainly concerned with short-term measures to ease social tensions, the catastrophic decline in the main lines of export was not met by any systematic efforts to find alternative outlets, and little was done to diversify the export structure. Still less did the depression provoke any move towards general planning for industrial expansion, as it did in some other southern European countries ; except for electric power and cement, industrial capacity ceased to grow.

It is more difficult to ascertain the trend in agricultural production because of the wide variations from one year to another. It seems that the cultivated area grew and that, despite the extension of cultivation to marginal lands, average yields were maintained through increased use of fertilizer. Irrigation of arid land continued to be extended at the slow rate of 8,000 ha. per year.

According to official Spanish estimates,[1] income per head in 1935 was slightly lower than in 1920. Thus, over a period of fifteen years, industrial expansion, increased output of power, and the improvement of the transport system were only just sufficient to maintain the average standard of living in the face of a stagnating agriculture and a rapidly increasing population.

After the Civil War

No quantitative estimate has been made of the material destructions caused by three years of Civil War. The most serious damage seems to have been done to agriculture. Livestock numbers declined and lack of draught animals, and particularly of fertilizer, reduced crop yields. Industrial equipment was disused and obsolete, [2] industry was unable to supply even the most rudimentary equipment for agriculture, and the transport system was highly disorganized.

From 1940, one year after the end of the Civil War, Spain was cut off from foreign deliveries of raw materials and machinery, and the period of reorganization was further prolonged after the war by difficulties in foreign trade, notably the absence from 1945 to 1948 of trade with France. Agricultural output remained very low—because of the combined effects of persistent drought and lack of fertilizer—and, in the absence of adequate imports, food consumption

---

[1] See *La Renta nacional de España,* Vol. 1, Madrid, 1945, page 124.

[2] In 1942, the age distribution of the equipment of the cotton industry was as shown below.

	Spinning	*Weaving*
	(Percentages)	
Less than 20 years . . .	37	37
20 to 40 years	42	46
More than 40 years . . .	21	17

In 1951, three-quarters of the equipment of the wool industry dated from before the Civil War. (See *La economía española y la reconstrucción,* Banco Urquijo, Madrid, 1952, page 61.)

fell to extremely low levels.[1] As already mentioned, drought also led to a severe shortage of power with adverse effects on manufacturing industry.

The Franco Government, unlike its predecessors, declared its intention of interfering profoundly with the economic life of the country. The aim was to be a rapid process of industrialization to reduce Spain's dependence on imports. Ever since 1939, official economists have stressed the importance of transferring a part of the rural surplus population to an expanding industry.

The physical shortages in virtually all sectors made necessary multifarious controls : price fixing, rationing of consumer goods and of raw materials, licensing systems for investment and capital issues and exchange controls. But it is evident that Spain does not have a civil service capable of administering efficiently so many-sided and intricate a network of economic controls. Moreover, even the indispensable statistical data were—and still are—lacking.[2]

The most conspicuous measure for industrialization was the creation, in 1941, of the *Instituto nacional de Industria* (I.N.I.), whose main function is to establish undertakings with joint public and private financing. As already mentioned, however, I.N.I.'s initiatives in the fields of transport and electricity have so far been inadequate and large amounts of capital have been devoted to investment in manufacturing industries, whose operations are crippled by the bottlenecks in energy and transport. This reflects the lack of a coherent programme. As long as the existing capacity of manufacturing industry could not be fully utilized, it was clearly a misallocation of resources to increase it further at the expense of a concentrated effort to break the bottlenecks. The order of priorities implied by the creation of I.N.I. and the official control of private investment does not, in fact, seem to exist. For instance, the capacity of the cement industry increased by 10 per cent from 1947 to 1951, although in the latter year no more than 75 per cent of the capacity was used. Over the same period, the programmes of 1946/47 for increasing electric-power capacity and for modernizing of the railways were only half-fulfilled.

One of the more remarkable undertakings of recent years is the development of production of nitrogenous fertilizer, which increased from 11,500 tons in 1951 to 36,500 tons in 1952 and is to reach 200,000 tons in 1957 when the *Calvo Sotelo* works of the I.N.I. are in full production. If this level is in fact reached, an important help will at last have been given to agriculture. It is difficult to understand, however, why in the meantime, until domestic production gets under way, nitrogenous fertilizer has not been given a higher priority in the import programme.

In general, a somewhat ambitious programme for agriculture has been reflected in only limited practical results—a not infrequent combination in Spain. One of the main tasks is irrigation,[3] which has also the advantage that the additional imports directly required for the works are relatively small. The irrigable area is estimated to be about 1.5 million hectares. In 1940, a plan was made to irrigate a further one million hectares—although no time schedule was laid down—which would make it possible to settle one million persons. In fact, only 100,000 hectares were brought under irrigation between 1936 and 1948 [4] and the productive employment thereby created amounted to only one-fifth of the increase in the rural population. Since 1940 the office of " colonization " has settled only a few thousand persons. The aim is to give unemployed agricultural workers the possibility of establishing themselves and at least of feeding their own family. Some land has been expropriated, but the whole scheme has not yet passed the pilot stage.

Conclusion

The most striking feature in Spanish policies for economic development is the contrast between the large long-term plans for industrial investments and the meagre results obtained in dealing with the most urgent problems. Separate programmes have been set up—for electricity, railways and fertilizer—but little seems to have been done to establish the relations between the programmes and the available resources or their inter-actions, and the rate at which the plans have been carried through has been very uneven.

These shortcomings reflect, without doubt, the appearance of unexpected difficulties. But they point also to the absence of an efficient economic administration which can conceive a comprehensive programme, establish an order of priorities, and see that it is adhered to. Administrative reform is probably a pre-condition of more effective economic policies. In particular, the present system, under which a

---

[1] As late as 1950, the daily ration of bread was 150 grammes.

[2] For example, the index of industrial production published by the National Institute of Statistics does not correctly reflect the actual movements of production because of a very deficient system of weighting, in which electric energy accounts for no less than 27 per cent.

[3] Yields on irrigated land are, on the average, five times higher than on the *secano*. The most favourable crops on irrigated land are cotton, rice, maize and lucerne.

[4] J. M. Houston, " Irrigation as a Solution to Agrarian Problems in Modern Spain ", *The Geographical Journal*, London, July–September 1950.

Government official has normally more than one occupation, is not conducive to efficiency. Another need is an improved statistical service.

Administrative inefficiency lends weight to the pressure for a reduction in Government intervention. It is difficult to believe, however, that market forces alone could correct the serious lack of balance between the basic industries and manufacturing industry. What is needed is the establishment of an order of economic priorities and the preservation of the two major policy instruments—public investment and import control—to carry it through.

If the present bottlenecks were removed within a short time, an increase in industrial production of 10 to 20 per cent would quickly be possible. This would not add much to industrial employment, since most enterprises are already overstaffed, but, if the increase in productivity were matched by an increase in wages, it would be possible to put an end to the present system under which many industrial workers must have several jobs in order to earn a meagre living.

Further efforts to industrialize and to increase standards of living will place increased demands on agricultural output. The industrialization which all Spanish economists regard as essential can scarcely even be started unless it be built on the solid basis of rising agricultural output, sufficient supplies of energy and adequate transport capacity.

Chapter 11

PORTUGAL

Like the other countries of southern Europe, Portugal has a rapidly growing population, underemployment in agriculture, an insufficiently developed industry and a very low standard of living.[1] It has, however, two potential advantages over the other countries in the region. Export surpluses during the second World War and the boom which followed the outbreak of war in Korea have enabled it to accumulate substantial reserves of foreign assets, and it also possesses vast overseas territories from which it can secure growing supplies of food and cotton. This favourable position has made it possible to undertake public works on a considerable scale, such as hydroelectric projects and the reconstruction of the merchant fleet and ports, and there has been some expansion of industrial production. But relatively little has been done to promote agriculture, and the dependence on food imports remains considerable. More recently, the Government has prepared a Development Plan (*Plano de Fomento*) for the period 1953 to 1958. But the amounts to be spent are rather modest ; in particular, agriculture, which accounts for more than half the working population but only one-fourth of the national income,[2] appears to have been given too low a priority.

---

[1] The average annual income per head is less than $200.

[2] See the Portuguese State Budget for 1953.

1. The Present Economic Situation

Agriculture

Agricultural production is insufficient to cover the needs of the population. Even at present consumption levels, Portugal has a considerable food deficit, and food products accounted for some 20 per cent of total imports in 1951. The level of consumption is particularly low for milk,[3] butter and meat, although the deficiency in the latter item is partly offset by the rather high consumption of fish. One of the most urgent needs is to increase the number and even more the quality of livestock, by changes in the methods of land utilization, especially in southern Portugal.

The difficulties presented by climatic and soil conditions in this southern part of the country (south of the Tagus) are greatly aggravated by the agrarian structure which is characterized by large estates and an agricultural proletariat which is unemployed for a considerable part of the year and whose living conditions, and in particular nutrition standards, are miserable. In addition, the system of short-term land tenure for smallholdings prevents improvement of their soil and variation in crops, since the peasant cannot be sure of reaping the benefit from investments such as planting olive trees or sinking wells. North of the Tagus the agricultural population is more dense and the farms are normally very small. The yields of wheat for the country as a whole improved in the inter-war period, but during and after the second World War they were generally below 6 quintals per hectare ; since 1949 they have risen but only to about 9 quintals. Notable progress has, however, been made in cultivating rice and potatoes.

The irrigation and settlement schemes for the South have so far been on a rather small scale. It is estimated that 800,000 hectares could be improved through irrigation ; but only 20,000 of the 106,000 hectares covered by the 1938 plan have actually been irrigated. Even under the new Development Plan, only 33,000 hectares are to be irrigated.[4]

The implementation of the 1946 Settlement Plan has been very slow. The concept of this settlement scheme is very different from that of the Italian land reform or the Spanish colonization policy, where land is expropriated for improvement and distribution to smallholders. Although southern Portugal is dominated by a latifundian agriculture which is, perhaps, more backward than that in any other region of Europe, there is no provision for expropriation of latifundia. The settlement is mainly on commons. So far, less than one thousand families have been settled.

---

[3] *Per capita* consumption of liquid milk is some 6 kg. per year.

[4] " . . . so far as I am aware, we have not yet got our ideas clear on how to improve the existing system of irrigation or to assist small irrigation schemes . . . the methods to be followed have not been systematized, as they should be if they are to be incorporated in a plan."—Speech by Mr. Salazar, 28 May 1953.

Table 71

INSTALLED ELECTRIC GENERATING CAPACITY IN PORTUGAL

Thousands of kVA

Year [a]	Hydro	Thermal	Total
1928	34	102	136
1938	79	201	280
1945	105	192	297
1951	362	193	555

Source : Estatistica de installações eléctricas em Portugal, Ministerio da Economia, Lisbon.
[a] End of year.

Farm implements are generally primitive. There are only 6,000 tractors and 700 threshing machines in the whole country, and the repair services are inadequate. Many villages are still without electricity, especially in Algarve, Baixo Alentejo and Trás-os-Montes. Consumption of fertilizers is very low,[1] but plans have now been made for domestic production of nitrogenous fertilizer. An increased supply of fertilizer and advice to farmers on improved methods, including the use of selected seeds, are essential requirements for higher agricultural production.

Industry

It is difficult, in the absence of an official index, to estimate with any accuracy the over-all increase in industrial production since 1938. The index shown in Chapter 14 and official estimates of national income suggest that it rose by some 25 per cent between 1938 and 1951. According to the population censuses, the number of persons employed in manufacturing industries rose by even one-third or more between 1940 and 1950. As in other countries, the increase was especially marked in electric power production. Through public investment in hydroelectric dams, total installed capacity almost doubled in the six years from 1945 to 1951 (Table 71).

In spite of this rapid increase, *per capita* consumption of electricity remains extremely low [2]—less than half even that of Spain. The Development Plan envisages an increase by 112 per cent in six years through a further development of hydroelectric resources, only one-tenth of which are at present harnessed.

A plan for surveying mining resources has been in operation since 1939, but progress has been slow. Because of lack of funds, the Geological Institute has been able to prepare geological maps on a suitable scale for no more than 10 per cent of the territory. It appears, however, that there are fairly substantial deposits of iron and non-ferrous ores and that their exploitation could be intensified.[3]

Some 600,000 persons are employed in manufacturing industry, 40 per cent of them in the textile and leather industries. Cotton, long established, is much the most important industry. Since 1946, efforts have been made to bring about a much-needed modernization of its obsolete equipment. Textile manufacturers have a sheltered market at home and in the colonies and seem to have little desire to expand their production or lower their prices. The more important of the other manufacturing industries are those working for export : cork, resins, canned fish, and also cement, the production of which has doubled since 1946 (see Table 72).

Table 72

PRODUCTION OF SELECTED MANUFACTURED GOODS IN PORTUGAL

Thousands of tons

Year	Cement	Roofing tiles	Bricks incl. clay tiles	Cork products	Sulphuric acid	Superphosphate fertilizer	Canned fish
1938	268	54	166	137	118	197	39.5
1946	330	117	318	236	169	347	33.4
1947	427	117	330	264	174	244	39.8
1948	498	151	322	233	204	303	26.3
1949	521	133	362	219	211	303	21.2
1950	573	114	333	238	220	314	39.9
1951	642	107	344	291	281	397	31.1
1952	727	136	374	. .	237	324	35.3

Year	Cotton yarns	Cotton fabrics	Woollen yarns	Woollen fabrics *(Million metres)*	Leather shoes *(Million pairs)*	Rubber products	Paper
1938	20.8	16.2	2.2	5.3 [a]	0.4	0.6	18.2
1946	29.6	21.1	9.5	7.2	0.8	2.4	39.7
1947	29.1	20.6	9.6	6.7	0.8	3.1	40.1
1948	31.5	22.4	10.4	7.3	0.9	3.5	41.2
1949	30.4	21.4	8.2	6.2	0.7	3.7	40.3
1950	35.6	25.3	7.7	7.1	0.6	4.3	43.6
1951	31.6	23.3	9.0	5.6	0.6	4.5	42.8
1952	35.8	28.6	. .	5.6	0.7	4.3	43.4

Sources : Annuario Estatistico, 1938-1951; *Statistical Yearbook*, United Nations ; *Boletim Mensal*, Instituto Nacional de Estatistica, 1952.
[a] 1939.

---

[1] See Chapter 12, Table 78.

[2] See Chapter 5, Table 31.

[3] See Chapter 13.

Because of what has been done or is planned to be done in the next few years in the key industries (electric power, transport, cement, etc.) and of the fact that supplies of raw materials are secured (partly through imports from the colonies—e.g. cotton—and partly by the ample reserves of foreign exchange) further development of manufacturing industries can well take place without being impeded by those bottlenecks which have been and still are such important obstacles in Spain. But the investments in manufacturing industries under the Development Plan are limited. They include the creation of a small steel industry, to produce 20,000 tons of pig iron a year from local raw materials, the construction of a cold-rolling and tinning plant for the production of 25,000 tons of tinplate a year, mainly for the fish-canning industry, and a doubling of oil-refining capacity to one million tons. All these projects are directed towards saving imports.

The Structure of Exports

More than half of Portugal's exports (excluding trade with the colonies, which takes 25 per cent of total exports) is accounted for by five items : cork, resins, canned fish, non-ferrous metals and heavy wines. Table 73 shows the course of exports, by main products, since 1929. Portugal produces nearly one-half of the world's cork, and this is by far its most important export ; an increasing share of it is exported in processed form. There has also been a marked increase in exports of non-ferrous ores, in particular wolfram, the demand for which is largely governed by armament production.

On the other hand, the share of sardines in total exports has declined, because both of competition from Morocco and of restrictions in the importing countries. The sharpest decline has been in exports of port wine[1]—largely to France and the United Kingdom—and the volume exported is now only half that of 1929. This decline is a serious problem for the producing regions, the highly specialized labour and natural resources of which cannot easily be transferred to other and more promising lines of production. It is to be feared that the marketing difficulties for Portuguese wine will continue.[2] Sales of port wines to the United States remain negligible.

Relations with the African Colonies

The most important of the Portuguese colonies are Angola and Mozambique, whose combined population was some 10 millions in 1950. They are rich in natural resources, but are little developed. The flow of emigrants from Portugal to the colonies is not more than 20,000 (gross) annually and it remains to be seen whether the substantial increase envisaged in the development plan will take place. Portugal gets substantial supplies of cotton, coffee, sugar and oils from its overseas possessions. It also gets a surplus of foreign exchange, since the colonies have a favourable trade balance with foreign countries and, in addition, derive surpluses from the earnings of inhabitants of the Portuguese colonies working in neighbouring territories. The exports of the colonies

---

[1] Most of the export of common wines is to the colonies.

[2] For a further discussion of the vicissitudes of southern European wine exports, see the Appendix to Chapter 16.

Table 73

EXPORTS FROM PORTUGAL TO COUNTRIES OUTSIDE THE ESCUDO AREA

Product	Percentage distribution [a]			Quantities *(Thousands of tons)*		
	1929	1938	1952	1929	1938	1952
Cork, raw	18	13	15	140.1	113.6	124.4
Cork, processed	3	5	9	5.5	10.6	24.5
Wolfram ore	—	2	11	0.3	2.5	4.4
Other ores	1	3	6	..	..	..
Sardines (all types)	19	18	9	40.2	37.6	30.7
Port wine	22	16	6	460.3 [b]	381.2 [b]	207.0 [b]
All other products	37	43	44	..	..	..
Total	100	100	100	..	..	..

Source : National trade statistics.

[a] The percentages are based on current values.

[b] Thousands of hectolitres.

have greatly expanded since 1938, especially coffee,[1] cotton and sisal hemp. The Development Plan provides for a further increase in primary production, although a considerable proportion of the planned expenditure is for improving communications with neighbouring areas to stimulate transit trade. The total development expenditure in the colonies during the six years of the Development Plan is to be some $200 million, but only one-fourth of this amount is to be financed by the mother-country.

---

[1] Coffee exports rose from 18,000 tons in 1938 to 48,000 tons in 1952, cotton from 13,000 tons to 50,000 tons and sisal hemp from 30,000 tons to 41,000 tons.

2. Economic Policies and Results

Until 1928 there was political disorder and serious financial maladministration and the influence of the public authorities on the economic life of the country was either negligible or harmful. Roads, railways and ports were inadequate and in a poor state of repair. Hence, industry was unable to expand and, agriculture being primitive, the standard of living of the growing population remained miserable.

The primary aim of the more active policy pursued by the Government after 1928 was to achieve financial stability. Steps were later taken to improve progressively roads, railways, communications and other public services. In 1935, a 15-year Plan of industrialization was introduced; but overriding concern for budgetary balance made for slow progress and no substantial results had been achieved when the war began and it became difficult to buy capital goods from abroad.

Portuguese export receipts soared during the war, helped by the high prices of non-ferrous ores, in particular of wolfram supplied to the belligerents. As a neutral country, Portugal also received an influx of private capital, and the result was an increase in its reserves from 60 million dollars in 1938 to more than 700 million dollars in 1947.[2]

In the following years, imports increased rapidly, and between 1947 and 1949 their total value was more than double that of exports. This was the result mainly of the need to import food because of bad harvests, but to some extent it also reflected higher imports of machinery to improve the equipment of industry. Import restrictions were introduced rather belatedly, and meanwhile luxury imports increased considerably.[3] Purchases of ships to create a fairly large merchant fleet[4] and the purchase of colonial port installations and railways from foreign companies also helped to drain the currency reserves. With the introduction of import controls in 1949, the trade deficit fell substantially even before the new export boom set in. (See Table 74.)

The balance-of-payments deficits in the years 1947 to 1949 entailed a reduction in internal liquidity, and the deflationary effect of this was serious enough to check the expansion of production and even to create some recession. This tendency was accentuated by the Government's attempt to limit its investment expenditure in order to reduce imports.[5]

After the outbreak of the Korean war, however, the volume and prices of exports increased rapidly. The value of wolfram exports, for instance, was six times higher in 1951 than in 1949, and production of minerals, cork and resins was stimulated. The result was that Portugal built up a surplus in the E.P.U. amounting to $114 million at the beginning of 1952, which was considerably beyond its quota. The Government then took steps to freeze 30 per cent of the proceeds from certain exports,[6] with the result that exports both from the colonies and from Portugal itself were checked sufficiently to reduce the E.P.U. surplus considerably.[7]

This reduction in Portugal's surplus in the E.P.U. could undoubtedly have been obtained without checking exports, through increased imports of equipment. The fact that import liberalization did not itself lead to such an expansion of imports suggests that private enterprise, although enjoying high profits and low taxes, lacks interest in investment. For its part the Government was unwilling to do anything to eliminate the surplus which would involve increases in its own expenditure beyond those already flowing from rearmament.

These wide fluctuations in Portugal's balance-of-payments position exert a heavy influence on the

---

[2] One-half of the reserves in 1947 consisted, however, of blocked sterling balances.

[3] In 1949, 10,700 private cars were imported, including 2,400 from the United States. The total number of private cars rose from 34,000 in 1946 to more than 80,000 in 1951.

[4] The tonnage of the Portuguese fleet doubled between 1939 and 1949, reaching a total of 500,000 tons.

[5] "In 1950, however, monetary and budgetary policy appeared to be having a restrictive influence on economic activity." *Financial Stability and the Fight against Inflation*, O.E.E.C., Paris, 1951, page 77.

[6] For example, coffee, manganese, copra, sisal, palm oil.

[7] At the end of November 1953, Portugal's cumulative surplus in the E.P.U. amounted to $51 million.

Table 74

BALANCE OF PAYMENTS OF THE ESCUDO AREA

Millions of Portuguese escudos

	1948	1949	1950	1951	1952
Metropolitan Portugal :					
Trade balance, f.o.b.	−5 406	−4 009	−1 878	−1 747	−2 624
Services (net)	− 137	43	86	159	150
Overseas territories :					
Goods and services [a] (net)	45	425	1 479	2 331	1 702
Total balance on goods and services account	−5 498	−3 541	− 313	743	− 772
Financing :					
Private donations	662	716	703	761	299
Private capital	1 983	805	159	275	400
E.C.A. and M.S.A. grants and loans	—	119	668	515	277
Other long-term official financing	− 251	− 414	− 1	135	..
Short-term capital and monetary gold [b]	2 966	1 917	−1 139	−2 694	− 659
Total financing	5 360	3 143	390	−1 008	317
Errors and omissions	138	398	− 77	265	455

Source : International Financial Statistics, International Monetary Fund, November 1953.

[a] Includes certain capital transactions settled through the Metropole.

[b] A minus sign indicates an increase in gold and short-term capital assets.

economy and create situations in which it is difficult for the Government to intervene effectively, especially since only a limited range of instruments of economic policy are considered appropriate. During periods of external deficit, the insistence on budgetary balance prevents the Government from combating the resulting tendency towards recession. In periods of external surplus, on the other hand, the fear of inflation induces a cautious attitude to public spending, while the increase in liquidity has small effects, if any, in stimulating private investment expenditure, except, perhaps, for luxury building in Lisbon.

The Six-year Plan

This lack of enterprise by private investors also explains why the Government found it necessary, despite its dislike in principle for State intervention, to undertake large-scale investments, even in fields not traditionally reserved for public enterprise.[1] Programmes for some basic sectors, electricity, ports, etc., were established under various laws. In 1952, these programmes, some of which, in particular that for agriculture, were considerably behind schedule, were merged into a Development Plan [2]—*Plano de Fomento*—for the period from 1953 to 1958.

The Plan does not lay down any definite production targets, but instead consists of a number of investment projects largely relating to basic sectors. One-third of the expenditure is for electrification, another third for transport and communications and one-sixth is for agriculture (see Table 75). Evidently there is very little left for the other industries covered—petroleum refining, iron and steel, fertilizer, tin-plates and paper—but the high priority given to electrification shows a desire to establish the necessary preconditions for future industrialization. The share of agriculture is surprisingly small,[3] and that of transport surprisingly large. The need for agricultural development has already been stressed. The present capacity of the transport system, on the other hand, does not appear to be inadequate.[4] Railway traffic, for instance, is

---

[1] It is, however, envisaged that State-owned undertakings, once they are functioning normally, will be sold to private enterprise.

[2] The Plan covers both metropolitan Portugal and the colonies; the latter are not further considered here.

[3] Even allowing for the fact that the expenditure for hydro-electric development will assist irrigation as well.

[4] Railway freight traffic and the numbers of railway wagons and lorries developed as follows :

Million ton-kilometres of freight

1947 : 733
1948 : 644
1949 : 569
1950 : 521
1951 : 585
1952 : 678

	Number of railway wagons	*Number of lorries*
1946 :	10,400	12,000
1951 :	10,700	29,000

Table 75

PROPOSED INVESTMENTS UNDER THE DEVELOPMENT PLAN

Metropolitan Portugal

Millions of escudos

	1953	1954	1955	1956	1957	1958	Total
I. *Agriculture*	174	177	229	247	254	209	1 290
1. Hydraulic works	90	100	100	100	92	74	556
2. Re-forestation	54	57	69	72	102	110	464
3. Internal settlement	30	20	60	75	60	25	270
II. *Industry*	1 179	896	635	553	210	143	3 616
1. Electricity	829	758	438	358	210	143	2 736
2. Steel	45	38	77	90	—	—	250
3. Oil refining	280	—	—	—	—	—	280
4. Nitrogenous fertilizer	25	50	50	40	—	—	165
5. Tin-plate	—	50	40	30	—	—	120
6. Cellulose and paper	—	—	30	35	—	—	65
III. *Transport and communications*	321	441	340	426	480	413	2 421
1. Ports	112	106	170	211	178	138	915
2. Aerodromes	15	12	11	10	12	10	70
3. Railways	75	125	90	105	130	75	600
4. Merchant fleet	29	113	19	50	110	140	461
5. Civil aviation	40	35	—	—	—	—	75
6. Postal and telegraphic services	50	50	50	50	50	50	300
IV. *Technical education*	40	36	44	38	25	32	215
Total . . .	1 714	1 550	1 248	1 264	969	797	7 542

Source : Diario do Governo, 27 January 1953.

known to have fallen off in the face of competition from road transport, and steps have had to be taken to reduce competition. The high expenditure on ports —which are to absorb 12 per cent of the total credits— is concentrated on the already very important centres of Lisbon and Leixoes. It might perhaps have been preferable to improve the smaller ports in order to stimulate activity in the less-developed regions of the country.[1] The high priority given to the improvement of transport and communications is probably partly to be explained by military considerations.[2] Even so, it is striking that, after serious improvements have already been made in the preceding years, transport and communications should receive more than double the amount devoted to agriculture, in which more than half the population is engaged.

The most striking feature of the plan, however, is the modesty of the total amount which the Government is spending on all these extraordinary development projects. The average annual amount of State financing amounts to less than 1.5 per cent of the gross national product in the first year of the plan.[3] Moreover, the expenditure provided in the Development Plan is not a net addition to the volume of State investment. Items now covered by the Plan were previously covered by the extraordinary State budget, and it is not certain that the total amount of Government spending for investment will be appreciably higher than in the years immediately preceding the Plan.

The Possibilities of increasing the Volume of Investment

In contrast to most development plans, the volume of expenditure provided for in the Development Plan is to decrease from year to year (see Table 75).[1] If private enterprise does not expand sufficiently to fill the gap, there may be a danger of unemployment as the big public works taper off. There is certainly no lack of scope for useful public investments. For instance, the rivers, and especially the Douro, need regulation with a view to improving navigation, to power production and to irrigation. There is therefore opportunity and need for pushing on with technical study of projects not included in the present plan so as to avoid a decline, or even a levelling-off, in the rate of investment in two or three years' time. Other countries' experience has shown that the volume of public works cannot easily be expanded at short notice unless there is a reserve of fully elaborated projects.

---

[1] See Guedes Lebre, Nascimento and Moreira : " Algumas considerações a propósito do Plano de Fomento " in *Revista de Economia*, Lisbon, March 1953, page 13.

[2] " These measures, which are justified by the great importance of the railways for the national economy and for national defence, ... ". Speech by the Minister of Communications on 8 June 1953.

[3] I.e., 3,860 million escudos in six years (which may include some expenditure for the overseas territories) out of a gross national product (at market prices) of the order of 50,000 million escudos in 1953. In addition, 1,400 million escudos are to be provided from the *Providencias* or social security funds. Private funds for investment purposes under the Plan are to contribute 2,440 millions and foreign credits 1,300 millions, making a total of 9,000 millions, of which 1,400 millions are for the colonies.

Total gross investments, whether public or private, covered by the Plan represent about 3½ per cent of the gross national product in 1953 (1½ per cent of which, as mentioned, is financed by the Government). Unless the Plan is modified, this percentage would fall to 2½ in 1955 and to no more than 1½ per cent in 1958. The amount of private investment outside the Plan is not known. According to one estimate,[2] total net investment—private and public—might be put at some 6 per cent of net national income in 1952/53 and 1953/54. On the basis of this figure, gross investment outside the Plan might be somewhere around 8 per cent of the gross national product.[3] Hence, to avoid a decrease in total gross investment, the volume of private investment might have to increase by about one-fourth, if investments under the Development Plan decrease as indicated.

This is not meant to imply that maintenance of the present rate of total investment is all that could be achieved. On the contrary, there are reasons to think that a higher rate of investment could well be sustained, even within the general framework of economic policy which is at present acceptable in Portugal.

First, the danger of inflationary outbursts of a speculative character is probably much less acute in Portugal than in most other southern European countries. The emphasis laid on financial stability during twenty-five years must have eradicated any tendency to inflation psychosis.

Second, and more important, Portugal has the advantage of large foreign reserves. The increase in income accompanying a more active investment policy would undoubtedly raise demand for food considerably, and this, once more, stresses the need for developing agriculture. But, even if the efforts to increase food production failed to give sufficiently quick results, the reserves could finance a temporary increase in imports.

The total investments envisaged in the Development Plan for the six years amount to about $265 million, and the additional imports of equipment and consumer goods to which they will give rise are of course much smaller. But the liquid foreign assets of Portugal are estimated to be more than double the total cost of the Plan, or about one-third of one year's national income. Except in time of war, when imports are not there to be bought, this degree of liquidity is seldom found in countries which are in great need of economic development. In fact, Portugal is in the favourable position of having a fund of accumulated savings on the basis of which investment could, for a considerable time, be speeded up without the need to compress the level of consumption.

Thus, compared with the other southern European countries, Portugal is, financially, in a favourable position to accelerate economic development. The factor which is most likely to limit the possibilities is the human element. In the Six-year Plan a considerable amount is allocated to technical training, but the needs are immense, and it is possible that the bottleneck can be overcome only by greater use of foreign technicians in the early stages, while an expanded programme for training Portuguese experts is got under way. A further obstacle is the illiteracy of 40 per cent of the population over the age of 7.[4] This limits the scope for rapidly increasing the number of skilled workers, and, more important, is a grave hindrance to agricultural progress. The campaign against illiteracy which has recently been started is therefore an essential requirement for raising the standard of living of the Portuguese people.

The formulation by Portugal of a general plan for economic development is a new and encouraging event against the background of stagnation in preceding decades. What is planned, however, is still far from reaching the limit of what is possible, given the particular circumstances of the country. An enlargement of the scope of the Plan and greater public spending are probably necessary if economic development is to gather momentum.

---

[1] Expenditure in the colonies also is to decline in volume from 1954 onwards.

[2] *Europe—The Way Ahead,* O.E.E.C., Paris, 1952, page 315.

[3] On the assumption that depreciation makes up 6 per cent of the gross national product. It must be stressed that this is no more than a rough guess.

[4] " ... in 1950, 20.3 per cent of the children of school age did not go to school ... In 1950, more than one-third of the Portuguese population continued to be unable to fill functions requiring a minimum of education ... ". (See *Portugal, Bulletin of the National Secretariat of Information,* Lisbon, November-December 1952, page 21.)

B. ACHIEVEMENTS AND POTENTIALITIES IN MAIN BRANCHES OF PRODUCTION

Chapter 12

AGRICULTURE

Southern Europe was never reached by the momentous transformation of agricultural methods which began in the United Kingdom in the eighteenth century and spread over the western and northern part of the continent during the nineteenth century. This transformation consisted, essentially, in the adoption of more intensive crop rotations with cultivated fodder and industrial crops, and the abandonment of fallow. In southern Europe (as well as in parts of eastern Europe), however, vast areas continue to be cultivated in a system of cereal monoculture for subsistence, which not only gives very poor yields, but also threatens the soil with further deterioration. Natural conditions in southern Europe may earlier have been sufficient reason for this adherence to a poor and primitive form of agriculture, but experts are now in fairly unanimous agreement that natural conditions no longer impose such severe limitations. Southern Europe thus presents the picture of an agriculture lagging far behind the possibilities offered by modern agronomic science. It need hardly be stressed that the realization of these possibilities is bound to be an essential aim of any policy for general economic development in the region.

Before these possibilities and the difficulties in overcoming them are discussed, the natural conditions and the social and productive pattern of southern European agriculture must be sketched.

1. The Agrarian Structure

The two dominant factors in the physical geography of southern Europe are the lack of water and the predominance of mountain regions. In all the countries here considered, although to a varying extent, the pattern of agricultural production is conditioned by aridity. In large parts of the region, rainfalls are smaller than in north-western and central Europe, and because of the heat the loss through evaporation is higher. A still more important factor is that, where the typically Mediterranean climate prevails, most rain falls in the autumn and winter, while there is little in the summer and in some regions none. The autumn and winter rains are often torrential downpours which are of relatively little value to agriculture, because the water runs off quickly, and which frequently cause erosion and even catastrophe, as was tragically demonstrated by recent events in Calabria.

Only few areas have an abundant supply of rain by western European standards. These are the north-western corner and the northern coast of the Iberian Peninsula (i.e., northern Portugal and the Atlantic region of Spain), the Dinaric mountain region in Yugoslavia, the Epirus in Greece and some parts of the Turkish border mountains. Moreover, except for parts of northern Portugal, these are all mountainous regions with relatively little cultivable soil. The problem of water shortage is particularly important in Spain and Turkey with their vast inland plains situated in the " rain shadow " behind the border mountains.

The mountainous character of the four peninsulas means that a relatively large amount of land is in any case unsuitable for intensive cultivation. But the natural heritage has been enormously reduced by destructive human action. In all the southern European countries, the large areas of naked mountains bear witness to erosion caused by deforestation, ploughing of hillsides and over-grazing.

The main cause of the damage done to the natural resources is to be found in the pressure of population, with its continuous urge to bring more land under the plough. Population pressure also largely determines the social structure of agriculture, the main characteristics of which are the prevalence of extremes —latifundia and dwarf holdings—with few farms of middle size, and the prevalence, in some districts, of unstable forms of land utilization such as short-term share cropping or nomadic livestock breeding, both of them leading to soil-exhausting methods of utilization.

Broadly, three main types of agricultural enterprise in southern Europe can be distinguished.

There is, first, the highly intensive production in limited areas of fruit, vegetables, wine and tobacco.

While the latter two can be cultivated on relatively dry soil, fruit and vegetable production is largely on irrigated land, usually near the sea—for instance, in the Campania Felice and the Sicilian coasts or in the fruit districts on the Mediterranean coast of Spain. Tobacco and, to a smaller extent, wine are concentrated in regions with particularly suitable conditions, such as the tobacco districts in Thrace and western Turkey and the wine districts in northern Portugal. All these are regions of maximum density of agricultural population, where land hunger has led to extreme subdivision of the land. Consequently, although the value of output from each hectare is very high in most of these districts, income per head of the agricultural population is hardly higher than in other sectors of agriculture. Furthermore, these districts depend largely on exports and are affected, therefore, by exceptionally unstable market conditions.

At the other extreme in fertility are the vast mountain districts where livestock, mostly sheep and goats, are raised by extensive methods often under the care of nomadic shepherds. The mountain grazing areas make up an important part of the total area, especially in Spain, Turkey and Greece; their deplorable state after centuries of misuse presents a serious problem of rehabilitation.

Between these extremes are the cropping areas where the normal pattern of production is continuous rotation of wheat and fallow. The forms of land ownership range from the latifundia in parts of southern Italy, the Spanish " table land ", southern Portugal and south-eastern Turkey to the small peasant holdings which predominate in Greece and the larger part of Turkey. Absentee owners of latifundia usually lack both the capital and the initiative for intensive methods of production and the land is devoted to primitive and extensive cereal farming with the minimum of hired labour. On the other hand, the peasant owners in Greece and Turkey often have too little land to allow of a rational pattern of production, and subsistence needs and lack of capital for even the most profitable short-term investments force them to excessive reliance on cereal production. A particularly unhealthy trait in the agricultural structure is the farming of dispersed plots by peasants living in huge townships far away from the

Table 76

LAND UTILIZATION AND NUMBER OF LIVESTOCK IN 1952[a] OR LATEST AVAILABLE YEAR

	Turkey	Greece	Yugoslavia	Southern Italy	Spain	Portugal	Total southern Europe	North-western Europe[b]
Land Utilization *(Percentages of agricultural area and millions of hectares)*								
Grain	48	48	55	38	29	28	40	30
Fallow	27	18	5[c]	9	20	28*	19	3
Other arable land	10	14	13	31	13	9	14	34
Total arable land	85	80	73	78	62	65*	73	67
Vineyards and orchards	7	18	7	22	17	17*	14	5
Permanent grass	8	2	20	—	21	18*	13	28
Total agricultural area[d]								
(per cent)	100	100	100	100	100	100	100	100
(million ha.)	20.7	3.6	9.8	7.9	25.3	4.7	72.0	87.9
Rough grazing *(million ha.)*	33.1	5.1	4.4	2.4	15.3	1.4*	61.7	19.1
Livestock Numbers *(Per active male in agriculture)*								
Cattle	2.4	0.6	1.6	0.5	0.7	0.5	1.2	4.7
Pigs	—	0.4	1.3	0.3	0.6	0.9	0.5	2.7
Sheep and goats	10.3	8.7	3.7	3.3	4.3	3.5	5.8	3.2
Horses, mules and asses	0.7	0.6	0.4	0.5	0.5	0.3	0.5	0.6
Total in terms of livestock units[e]	3.6	1.9	2.4	1.2	1.5	1.2	2.1	5.4

Sources : Livestock, FAO; land utilization, national statistics.

[a] Land utilization : 1953 for Yugoslavia, 1952 for Turkey, 1951 for Greece and southern Italy, 1950 for Spain and 1934 for Portugal. Livestock numbers, average of 1950–52, except for Spain, where figures refer to 1950.

[b] European countries other than those of eastern and southern Europe. The figures include northern Italy.

[c] Cultivated fallow only.

[d] Excluding rough grazing.

[e] Conversion factors used : cattle 0.8, pigs 0.2, sheep and goats 0.1, horses 1.0 mules and asses 0.7.

land they cultivate.[1] In this form of exploitation, particularly widespread in Spain, Sicily and part of the south Italian mainland, the distances, the lack of farmhouses on the land, the dispersion of plots, the precariousness of contracts and, first and last, the deep poverty of the peasants, are all obstacles to progress.

Some of the features of southern European agriculture just mentioned are reflected in the figures for land utilization and livestock numbers shown in Table 76. In all the countries a large part of the sown area is devoted to grain,[1] while the high figures for fallow land [2] point to very primitive forms of crop rotation. It is also evident that a major part of the land consists of rough mountain pastures, and their low productivity, resulting largely from overgrazing, is reflected in the large numbers of sheep and goats, while the low number of cattle points to the absence of integrated crop and livestock farming.

---

[1] This takes the form both of scattered peasant ownership of land and of short-term renting by peasants of small pieces of latifundia land on the basis of precarious and often intricate contracts.

---

[1] The sown area is here taken to mean arable land less fallow.

[2] The figures for fallow land are not fully comparable as beetwen countries, and must be interpreted with caution.

2. Physical Possibilities of Improvement

From a purely technical point of view, the lack of water during the summer months is undoubtedly the main difficulty for southern European agriculture and this is the key problem for any policy for progress to higher forms of agriculture. There are, broadly, two lines of action. One is to ensure, through irrigation schemes, the fullest use of the water there is; the other is to apply methods of intensive farming which are suited to the limited amount and the seasonal distribution of rainfall. Irrigation works are costly, although the exact cost per hectare of land irrigated is difficult to establish when, as is often the case, irrigation is only one function of multipurpose projects, which also provide power, control floods and provide drinking water. Undoubtedly, there is still great scope for profitable irrigation works, both large and small, in all the countries concerned—especially Spain and Portugal, where plans have been abundant, but progress has so far been slow. The second line of action, the adaptation of the structure of production, has lower capital costs, but the obstacles presented by the social structure of agriculture may be considerable.

The following discussion disregards the question of expanding production of the traditional, intensive cultures of southern Europe, such as fruit, vegetables, wine and tobacco, because they are—from the particular point of view of this chapter—much less problematic. It is suggested in Chapter 16 that such expansion is highly desirable, but that the possibility depends on improved foreign markets. By and large, however, production of these commodities is efficient —i.e., output per unit of land is extremely high, and land newly made fertile by irrigation is often—perhaps too often—used for highly intensive production of vegetables and fruit. Similarly, the production of wine and tobacco on non-irrigated land could easily be expanded were markets available. But, even on the best of assumptions as to foreign outlets, no major solution to the long-term problems of southern European agriculture can be found in these products.

The main problems of improving and of making better use of land resources concern the two other major branches of agriculture, extensive cereal farming in the plains and lower hill-lands and extensive livestock breeding in the mountains. Here, the main question to consider is, not whether markets are available, but whether the natural environment and the social structure of agriculture will permit an expansion of output.

More Intensive Use of Arable Land [3]

As already mentioned, the chief difficulty about water supply in the Mediterranean climate is that most rain falls in the winter. This means that the plants cannot benefit from the warmth and light of summer because they lack moisture. In these conditions, the age-old custom of fallowing every second year (or, if water were somewhat more abundant, every third year) has persisted in all regions where one year's rainfall is insufficient for a cereal crop. This procedure is not only poor in itself, but leads to an exhaustion of the soil, mainly by depriving it of nitrogen, especially in view of the extremely low consumption of artificial fertilizers and the small amount of manure available.[4] Grain yields are,

---

[3] The following paragraphs rely heavily on expert literature, as follows : (1) *Report of the FAO Mission for Greece*, Washington, 1947, especially pages 100 to 120. (2) *Pasture and Fodder Development in Mediterranean Countries*, O.E.E.C., Paris, 1951. (This report by leading overseas and European experts includes, *inter alia*, monographs for Greece, southern Italy, Portugal and Turkey. (3) E. Pantanelli : " L'adattamento stagionale nell' incremento della cultura erbacea nel Mezzogiorno " in *Il problema agrario del Mezzogiorno*, Istituto per gli Studi di Economia, Milan, 1950.

[4] In Greece and Turkey a considerable quantity of dung is still burnt as fuel.

Table 77

AVERAGE YIELDS OF WHEAT AND MAIZE

Country		Index numbers 1950–52 = 100			Quintals per ha.
		1909–13	1925–29	1934–38	1950–52
Turkey	Wheat	..	72	93	10.7
	Maize	..	101	102	12.4
Greece	Wheat	..	65	88	10.2
	Maize	..	137	110	8.9
Yugoslavia	Wheat	..	110	106	10.8
	Maize	..	134	161	10.9
Southern Italy	Wheat	79	97	101	10.9
	Maize	110	99	117	8.9
Spain	Wheat	99	99	103	9.3
	Maize	95	90	105	15.5
Portugal	Wheat	80	77	114	8.3
	Maize	111	112	80	9.5

Sources : International Yearbook of Agricultural Statistics 1927/28 and *1933/34*, IIA; *Annuario Statistico Italiano* ; and data supplied by FAO.

therefore, very low, usually about 10 quintals per hectare or less, as can be seen from Table 77.[1]

Moreover, the pressure of an increasing population, aided by policies aimed at self-sufficiency in wheat, has in many cases, and in particular in southern Italy and Greece, led to an extension of wheat production to hillsides where the ploughing of land —often even in strips straight up and down the hills— causes rapid erosion, so that the fields have sometimes to be given up after a few years. The extension of wheat-growing to hillsides and other pasture land has also seriously interfered with the mountain livestock breeding, by depriving the flocks of their winter feed. Thus, not only are livestock breeding in the mountains and crop production in the lowlands not integrated, but they are sometimes even antagonistic compartments of agriculture.[2]

There seem to be no compelling natural reasons for continuing this pattern of production. Experimentation has amply shown that, with the exception of extremely dry areas with precipitation of less than 300 mm. per year, a far more intensive rotation with leguminous and other fodder plants and with particularly adapted grasses is possible, and will restore the fertility to such an extent that a lower number of wheat crops in the rotation may well give a higher total amount of wheat. It is generally agreed that in vast areas of southern Europe wheat yields could, without irrigation, be raised to 15 quintals per hectare. A first step from the wheat/fallow rotation would be to introduce a fodder crop instead of fallow, as is already the practice in parts of southern Italy and Greece. Though this is already a tremendous step forward, a further big improvement can be made by a longer rotation, for instance with two wheat crops in five years. It seems to be established beyond doubt that, in addition to the gain from greatly increased fodder production, the total amount of wheat harvested this way could be greater than the usual rotation with more frequent wheat crops.[3]

Improvements of this kind can be made even without introducing species particularly suitable for the Mediterranean conditions. If these are introduced or varieties are developed which are adapted to the specific climatic and soil conditions within different parts of the region, the possibilities become more extensive. In this respect, very substantial results have been obtained at the experimental stations, especially in southern Italy (Bari) and Greece (Larissa), although their application in practical agriculture has hardly yet begun.[4]

---

[1] The national averages shown in the table conceal very large regional differences in yields. For instance, in Yugoslavia wheat yields in the Voivodina are considerably higher than in other parts of the country.

[2] For instance, in southern Italy, the number of sheep fell by 25 per cent from 1918 to 1930. The " wheat battle " for self-sufficiency was fought during the latter half of this period.

[3] The expert team mentioned in footnote 3, page 158, made several suggestions of which some may be mentioned for illustration :

For the Anatolian Plateau, a nine-year rotation was suggested, including three years with wheat, two with sainfoin and four with lucerne. This would involve a reduction from four and a half to three wheat crops in nine years as compared with the present wheat/fallow rotation. It was " confidently forecast " that, in addition to the vastly increased supply of fodder, the soil improvement arising from the more diversified rotation would make total wheat yields from three crops exceed the present yields from four and a half crops.

In Greece and southern Italy, the cereal/fallow rotation is still followed in many regions. In some regions, mainly Thessaly in Greece and western Sicily, a cereal/fodder crop rotation has recently become rather widespread. It was suggested that a further important advance could be made by having a wheat crop one year in three or two years in five. " Such rotations, because of improved wheat yields, may well give a total yield of wheat approaching that of the cereal/fodder crop rotation as well as a greater quantity of feed."

In southern Portugal, an extremely poor rotation is now prevalent, including one year bread grain, one year fodder grain, one year cultivated fallow and from two to six years uncultivated fallow, providing an extremely meagre pasture. It was suggested that fallowing could be avoided altogether, without reducing the number of wheat crops, thus providing a greatly increased output of fodder.

Even in the comparatively rare areas which are too dry for a complete abandonment of fallow, distinct progress was believed to be possible. A three-year rotation wheat/legume/fallow would " retain the fallow, provide fodder and offer good prospects of maintaining total wheat production at a higher level than the more frequent cropping in a wheat/fallow rotation ". (See *Pasture and Fodder Development, op. cit.*)

[4] "... the potential value of leguminous fodder crops (on non-irrigated land) ... has given rise to a combined study of the

The case of lucerne may be mentioned as an example of the kind of problem involved. Given the concentration of rain in the winter months, the problem consisted in finding varieties which need relatively little light and tolerate relatively low temperatures during the period of growth so that they can grow during the winter and lie dormant in the dry summer. Such varieties have actually been developed and—on the basis of present knowledge—lucerne seems destined to play a major role in the future development of southern European agriculture.[1]

Another example is that of sugar-beet. It was until recently a dogma that, in a Mediterranean environment, sugar-beet could be cultivated only on irrigated land. In actual fact, the wild sugar-beet originates from regions with a Mediterranean climate and has been adapted by selection to the climate in northern Europe which requires varieties having the period of growth in the summer. The problem then consisted in, so to say, a " backward " selection to varieties nearer, in some respects, to the original, wild sugar-beet. The possibility now exists of using sugar-beet—both for sugar and for fodder—in the rotation on non-irrigated land under a typical Mediterranean climate.[2]

Improvement of Mountain Areas

The damage done, and still being done, to the economic resources of the mountain regions is, perhaps, even more serious than that done to arable land. While the fertility of the latter could, within a reasonable time, largely be restored by greatly increased use of fertilizer and adoption of modern rotation methods, much time and heavy investment is needed to make good even partially the damage done by deforestation and over-grazing.

The problem is particularly acute in Greece, where 80 per cent of the area is mountain land from which 40 per cent of the agricultural population gets a meagre existence, primarily from its livestock. The Greek authorities estimate that about 30 per cent of the mountain area has been rendered completely unproductive and much of the remainder has degenerated very considerably.[3] In Turkey, it is estimated that 5,000 villages depend for their livelihood on mountain grazing areas which should be afforested. In southern Italy,[4] Spain and Yugoslavia, the damage caused by deforestation—and by ploughing up mountain slopes—is too well-known to need description. Over-grazing by sheep and goats, highly destructive of pastures and of young forests, continues to be the rule in most parts of southern Europe. Although, as already shown, the total number of livestock is very small when compared with countries where agriculture is more developed, it is nevertheless excessive in relation to the available feed. Consequently, in all of the countries concerned livestock are normally undernourished. This is wasteful exploitation with a vengeance : not only is the current output of livestock products bought at the cost of a deterioration of mountain pastures, but in addition the output of meat, milk and wool is low in relation to the input

---

adaptability of a wide variety of plant species to the Greek climate and of the value to the soil of including such species in the crop rotation... Over 1,200 species and varieties of leguminous plants have been imported from countries all over the world and have been tested ... The specific object of these experiments was to ascertain whether the cultivation of a leguminous crop between successive cereal crops could successfully replace the current practice of alternate fallowing... (The) more salient features (of the results) may be summarized briefly as follows : (*a*) the most suitable species of legumes for Greek conditions have been determined, (*b*) varieties have been established and propagated which can be autumn instead of spring sown, with consequent increase in yield ... (*d*) the value of lucerne as a non-irrigated crop has been determined ... Moreover, the value of leguminous crops as a substitute for alternate fallowing was definitely established." (*Report of FAO Mission for Greece*, *op. cit.*, page 104).

[1] " A complete adaptation (of lucerne) to the Mediterranean climate is achieved which will make it possible to introduce this plant, under conditions of dry farming, in all the Mediterranean countries, with enormous agrarian and social results. ... For lucerne, as well as for the autumn-spring grasses, there is no need for irrigation, and hence the production of fodder can be spread widely in southern Italy, making possible a conspicuous increase in livestock breeding with all its beneficial consequences ... The intensification based on the cultivation of fodder is a reality attainable for everybody in the typical semi-arid regions." (E. Pantanelli, *op. cit.*, page 58).

[2] " I asked myself the question : is it possible to cultivate the sugar-beet in a Mediterranean climate without irrigation ? As long as we talk about cultivation with irrigation we remain within limited zones. ... and the zones which are already irrigated in southern Italy are occupied by the traditional, high-yielding cultures which the farmer will not give up. But if it were possible to cultivate the sugar-beet without irrigation, what great areas could then be devoted to this culture to regenerate the soil in the now extensive zones ! " (E. Pantanelli, *op. cit.*, page 59).

" The Agronomical Office of the Association of Sugar-beet Growers is at present engaged in promoting the cultivation of sugar beet in Metaponto (Apulia) where the construction of a new sugar factory is planned which will not fail to have favourable effects on agricultural life in the provinces of Matera and Tarent. Moreover, the Office plans to undertake experiments with autumn sowing of sugar-beet in the region of Oristano (Sardinia). " (*Informazioni Svimez*, 18 November 1953, page 972.)

[3] See *Pasture and Fodder Development*, *op. cit.*, pages 53 and 54, and *Report of the FAO Mission for Greece*, *op. cit.*, page 102.

[4] In Apulia and Sicily, forests account for between three and four per cent of the area against 19 per cent for the whole of Italy. Deforestation has continued until comparatively recent times. In Sicily, for instance, the forest area was reduced from 126,000 ha. in 1870 to 87,000 ha. in 1929. (See Voechting, *Die Italienische Südfrage*, Berlin, 1951, pages 29 ff.).

of feed, since the number of sheep and goats is so large that an excessive share of the available feed is required for their sheer maintenance.

In addition to the obvious need for reforestation —in any case a slow process—and legal measures against over-grazing,[1] there seems to be wide scope for recovering and improving permanent pastures by applying fertilizer and introducing new, particularly suitable, species into the pastures by broadcasting and harrowing. But scarcely a start has been made on these problems.[2]

---

[1] In Greece, grazing is legally prohibited on half of the forest area, but the control of this is reported to be difficult.

[2] " The improvement of grazing areas in which no cultivation is practised is an unexplored field of study in the Mediterranean countries. There are many areas in which the direct use of fertilizer, the introduction of legumes into existing pastures . . . and the adoption of appropriate management methods could contribute greatly to productivity." (*Pasture and Fodder Development*, *op. cit*., page 132.)

3. Obstacles to Progress

Although recent research has very much widened their scope, the physical potentialities for increased and more diversified production in the non-irrigated arable areas of southern Europe, and for improvement of permanent pastures, have been well known for a considerable time.[3] So far, however, little progress has been made in realizing these possibilities, although the capital necessary would seem to be relatively modest.

The reasons for this perseverance in old and inefficient methods are complex. The social structure of agriculture, the poverty of farmers and the technical inertia of a largely illiterate farm population—three interrelated factors—are together a formidable obstacle to rapid progress. To overcome them requires simultaneous action in several directions.

It has been mentioned already that, as a rule, holdings in southern European agriculture are either too large or too small. The latifundia in southern Portugal, in Spain and in southern Italy are notorious for the persistence of the old methods, be it because of lack of capital, an inclination to invest profits outside agriculture, or simply the preference by absentee landlords for the easier routine of extensive farming. Traditional methods continue in the other main type of " latifundian " exploitation—the share-cropper's short lease, typical of some southern Italian and Spanish districts—partly because of the shortness of the tenant's perspective and partly because of the often huge distances between the large township where he lives and his plots of land which lack all farm buildings. The agricultural structure characterized by the giant village makes it particularly difficult to develop mixed farming.

In these cases, progress towards more intensive agriculture depends largely on continued land reform, with the establishment of new holdings, the building of farmhouses or villages, and the improvement of road systems. In this light, it is evident that much more investment will be required than the relatively modest sums needed for increased fertilizer, purchase of selected seeds and the building up of greater livestock herds.

In Turkey, and especially Greece, where smallholdings predominate, progress is hampered by the utter poverty of the farmers, which leaves them with no surplus with which to transcend the narrow limits of subsistence farming. In addition, the farms are often too small to make a diversified pattern of rotation technically possible. These farmers are faced with a truly vicious circle of poverty : the yields of their subsistence crops are low because of the lack of fertilizer and rational rotation, and because of the low yields they cannot afford to allocate land for the fodder production which is the pre-condition for higher yields. Some form of co-operation in the production process may provide a solution to the technical problem of too small farms, and interesting experiments in changing to a more intensive pattern by co-operation have actually been made in both Turkey and Greece. In the latter country, most lowland and valley villages have pasture areas which are, by tradition, protected from the plough, while each of the families has its separate area devoted principally to cereals. If the villagers would consent to draw the pasture into the rotation on a co-operative basis, this might provide a partial solution to the problem of small and fragmented properties.[4]

---

[3] For instance, a Spanish author, writing in 1935, warned against keeping Spanish agriculture in " the narrow fetters of monoculture and the misery of fallow " . . . " Do not believe that the aridity of the " Meseta ", the irregularity of temperature and humidity, are sufficient reasons for a complete sterility. On the contrary, in the larger part of Castile, with average precipitation from 350 to 500 mm., good fodder systems can be achieved not only with national . . . but also with exotic species . . ." (Antonio de Miguel, *El potencial economico de España*, Madrid, 1935, page 57.)

[4] " . . . Near Veria in Greece, a large area of communal pasture has been sown to alfalfa (lucerne). Each of the co-operating farmers has his individual section of the whole area from which he cuts his hay. The logical sequence to this arrangement would be to plant a similar area with alfalfa on contiguous properties belonging to the same farmers and to grow cereals on the present area of alfalfa after four or six years. Such co-operative land use is to be seen in many parts of Turkey, where the area on one side of a village may be under wheat, on the other under fallow. This permits communal grazing . . ." *Pasture and Fodder Development*, *op. cit*., page 27, cf. page 62.

The obstacles of a social nature are no smaller when it comes to improvement of the permanent pastures, since reforestation and reduction of the livestock pressure on the remaining grazing areas necessarily involves interference with customs and rights which have come to be regarded as inviolable.[1] The difficulties are particularly great in the case of nomadic flocks whose movements cannot easily be controlled. However, it should be possible, by combining legal measures with propaganda and education, to arrive at an orderly reduction in excessive flocks of sheep and goats since this can be shown to be in even the immediate interest of those concerned. Just as the reduction of the cereal acreage in favour of fodder crops can be accompanied by higher total yields of cereals, the reduction of flocks may well lead to a more than proportionate increase in the output of meat, milk and wool from the fewer but better-fed animals.

4. Requirements for Expanded Agricultural Output

It has been seen that the potentialities for agricultural expansion in southern Europe are great but that, on the other hand, rigidities in the agrarian structure and the general poverty of farmers severely restrict the scope for unassisted progress. The farmer needs knowledge of the most desirable rotation, the best choice of seeds and seeding rates and the optimum dosage of different kinds of fertilizer. But, in addition, he needs the capital necessary for making these changes.

An extensive programme of public support for agriculture is therefore needed, in which, for instance, greatly increased extension services for spreading modern methods would go hand in hand with financial support in forms such as reduced prices for fertilizers and seeds, and subsidies to the building of silage tanks. Moreover, the very encouraging results obtained so far seem to show that experimental research on soil conditions and plant physiology is a particularly rewarding investment.[2]

There has in recent years been a notable increase in public expenditure for agricultural extension services, research and experimentation, but the southern European countries are still far behind most other European countries in this respect. In view of the similarity in soil and climatic conditions among the southern European countries there seems to be a strong case for co-operation amongst them in the field of agricultural research.

If any particular improvements were to be stressed as deserving highest priority at the present time it would probably be the use of improved seeds and more fertilizers. The results obtained by the introduction of hybrid maize, for instance, have been spectacular in southern Europe as well as in other regions.

Table 78

CONSUMPTION OF FERTILIZER

Kilogrammes of plant nutrient per hectare of agricultural area

Country	Pre-war [a]	1951/52
Turkey	—	1
Greece	8	17
Yugoslavia	1	3
Southern Italy	10	15
Spain	5	10
Portugal	9	20
Denmark	53	102
Western Germany	99	129
France	31	39

Sources: *Fertilisers in Agricultural Recovery Programmes* (AG/EFI (50)4), O.E.E.C., 1951; *Yearbook of Food and Agricultural Statistics 1952*, FAO; and information supplied by O.E.E.C.

[a] In general, average of the years 1934–38.

As for fertilizer, Table 78 shows the striking gap between fertilizer application in southern and western Europe. If yields were first raised by greatly increased use of fertilizer, this might give the farmers an initial increase in income on the basis of which changes in the pattern of land use could more easily be brought about.[3] The need for more dung is even greater than that for the mineral nutrients provided by artificial fertilizer. The ultimate solution is an increase in the total number of livestock on the farms, although there is also considerable scope for a better utilization of manure from existing herds.

In certain regions of southern Europe the potentialities for increased output cannot be realized without breaking up latifundia and modifying the agrarian structure in other ways, especially settlement schemes for farmers and farm labourers now living in the vast agricultural villages. When such land reforms are undertaken the important question inevitably arises whether the fundamental aim of agricultural policy should be to raise output per unit of land or to provide employment opportunities for the large excess population. In carrying out the measures for intensifying production hitherto discussed no such dilemma arises, since increased output per hectare goes hand in hand with increased (and seasonally better distributed) employment. But when the farm structure has to be modified it becomes very difficult, under the pressure of land hunger, to avoid an excessive subdivision of land. There is a danger that, in order to provide a living for the largest possible number of people, the new farms are given a size corresponding to the minimum required for supporting a family rather than to the best size for mixed farming.[1] Closely related is the question whether the farm buildings should be spread over the land or concentrated in smaller villages or—a third possibility—in clusters of half a dozen farms. In view of the large investments required, it is highly important that solutions should be found to these questions which will not prevent the transition, possibly through forms of co-operative farming, to a more rational agricultural structure in the future, when—as must be hoped—the pressure of population in the countryside begins to decrease.

---

[1] Instances are recorded in Turkey where the prospect of a decree to protect an area for forest development stimulated villagers to fell every worth-while tree.

[2] The FAO report previously referred to pays high tribute to the work done by the Larissa Fodder Crop Research Station in Greece, but adds that " the whole of the work has had to be carried out with entirely inadequate technical assistance and with insufficient financial support. . . ." (*Report of the FAO Mission for Greece*, *op. cit.*, page 104.)

[3] In Turkey, the economic level of the farms has been raised considerably in recent years, not by higher yields but by turning pastures over to wheat. At the same time, a considerably increased flow of credit has been available for Turkish agriculture. It remains to be seen whether this is the beginning of a period of transformation towards more intensive patterns of land use.

Mechanization is another field where a conflict may arise between the criterion of maximum output from the land and that of maximum employment. If the introduction of tractors and other forms of mechanization had the sole effect of displacing human labour it would, of course, be a wasteful investment in countries with a huge excess population in agriculture. But mechanization is likely to have the additional effects of making land cultivable which is otherwise of little use, of raising yields, for instance by making deep ploughing possible, and of saving fodder for draught animals. Therefore, although mechanization is hardly a high priority requirement in the countries here considered and in some cases less urgent than the improvement of tools, it is desirable whenever it leads to a better utilization of land resources.

* * *

The preceding discussion of agricultural potentialities in southern Europe has stressed, on the one hand, the great physical possibilities still existing for increased output and, on the other hand, the social obstacles standing in the way of a radical improvement, and the conclusion was drawn that to break the deadlock a concentrated public effort is required, combining financial assistance with the propagation of improved methods of farming.

The transformation required is one towards a more intensive pattern of production, especially through higher output of livestock products, to support an increase in the standards of food consumption and a reduction in the dependence on imported food which is still high in some of the southern European countries. In addition, technical possibilities exist for considerable expansion of the output of the traditional, labour-intensive export products, but such an expansion, however desirable in itself, requires an increased foreign demand, for which the prospects do not appear to be very promising.

It might be asked whether, in view of the low urban standards of living in the southern European countries, an expansion of agricultural production for the home market would not likewise run the risk of meeting an insufficient demand, even when allowance is made for import substitution. But this would be to pose the question in the wrong way. The reasoning in this chapter and, indeed, throughout this report, is based on the assumption that the southern European countries intend to push industrialization, and thereby the expansion of income, to the limits set by the availability of foreign exchange and the requirements of a reasonable degree of monetary stability. That these limits are relatively narrow in present conditions is to a very large extent a reflection of the inelasticity of the home supply of consumer goods, and primarily food.[2] Thus, it is the possible expansion of agricultural production which sets the limits to industrial development, rather than the other way round.

---

[1] Some observers have found that the farms created under the current Italian land reform are too small for a rational agriculture, and the difficulties in Greek agriculture have certainly been aggravated by the small size of farms created by the land reforms of the 'twenties under the pressure of a sudden influx of refugees.

[2] The inelasticity of supply should be understood as referring not only to the process of production proper but also to the technical difficulties of transport and marketing which are particularly important in several southern European countries, largely because of the concentration of the urban sectors of the economy in limited geographical areas. For instance, an increase of agricultural output in eastern Turkey might be frustrated by lack of demand even if, at the same time, urban income were rising fast in the north-western corner of the country where industry is largely concentrated.

Chapter 13

MINING

1. Development in the Past

Over the last hundred years or so, two phases of increasing mining activity in southern Europe can be distinguished. The first was dominated by private—mainly foreign—initiative and was in the nature of a faint and flickering reflection of industrial expansion in other parts of Europe. The second was characterized by a stronger element of State direction and by at least some attempts to integrate mining with other aspects of national economic development. But, in spite of some increase, the importance of mining in terms of employment remains rather limited in the southern European countries except Yugoslavia (Table 79).

Table 79

EMPLOYMENT IN MINING

Country	Year	Active males in mining as percentage of: Total active male population	Active males in mining as percentage of: Total active male population engaged in non-agricultural activities
Turkey	1945	0.6	2.0
Greece	1953	1.0 *	2.1 *
Yugoslavia . . .	1953	2.3 *	6.5 *
Italy	1936	1.0	1.9
Southern Italy . .	1936	1.1	2.6
Spain	1950	1.9	4.0
Portugal	1950	0.9	2.1
Western Europe [a]	1950	3.6	4.5
United States . .	1950	2.4	2.8

Sources and methods : See Appendix B.

[a] Average for 12 western European countries. 1950 or nearest year.

The First Wave of Mining Enterprise

In countries where economic life is generally stagnant, the lack of internal markets, defects in the transport and energy systems, as well as the scarcity of capital and entrepreneurship, all tend to restrict the opportunities for mining enterprise to particular instances of easily accessible resources which promise relatively quick profits—in particular for those exploited in response to foreign demand. This kind of mining development, which, broadly, was characteristic of southern Europe up to the first World War, was largely based on foreign capital, both because it depended primarily on foreign markets and because—partly for the same reason—it required particularly risk-willing capital which was not likely to come forth from internal sources. The following paragraphs give a brief description, for each of the southern countries, of this period of mining exploitation.

Towards the end of the nineteenth century, *Turkey* enjoyed a position of near-monopoly in chrome, and production for export was rapidly developed by foreign capital. But the market situation was subsequently influenced by discoveries elsewhere and a decline set in after 1901. In copper, lead and manganese, also, an early start was made by foreign investors, but in all three cases the peak was reached in the years between 1900 and 1905. Turkey, incidentally, provides one of the rare cases where foreign capital also found it profitable to develop coal mining—again, largely for export.

In *Greece*, iron ore was extracted at an annual rate of about half a million tons in the decade preceding the first World War. But since then production has been much lower. Mining of manganese ore, zinc, and especially lead, was of some importance, but in all these cases the peak was passed before 1914. Two rare products found in Greece are emery (in the Isle of Naxos, under communal ownership) and magnesite (under British control). In both cases the level of output has been fairly well maintained, but neither of them is a first-order contribution to Greek income or exports. In the inter-war period, export demand led to the exploitation of several other mineral deposits, including chrome, nickel, bauxite and iron pyrites.

Although the substrata of *Yugoslavia* are unusually rich in minerals, a modern mining industry had scarcely started before the first World War. Between the wars, a rapid development took place, with foreign capital concentrating on the more profitable export sectors and coal and iron ore production developing largely under State ownership. Before the second World War, the share of foreign capital in metal-ore mining (measured by the value of output) was as much as nine-tenths. In general, the ores were exported as such while Yugoslavia had to import metals for its own requirements. In the 'thirties, some measures were taken to change this situation, for instance by compelling the French and British interests, exploiting respectively copper and lead, to build up smelting capacity within the country.

Sicilian sulphur is prominent among *southern Italian* mineral products. Its history has been marked, to an exceptional degree, by the vicissitudes of foreign demand and technological change.[1] At the beginning of the nineteenth century, when world demand for sulphuric acid became important, Sicily was practically the only known source for the raw material. But the high price which the monopoly made it possible to charge caused the competing process of sulphuric acid production from pyrites to be developed. In the second half of the century, Sicilian sulphur output recovered from this first crisis under the impact of a new demand for sulphur for vines. But, again, the price policy of the Anglo-Sicilian sulphur cartel encouraged massive investment in the United States for the development of the competing Frash method of sulphur extraction. When United States production started on a large scale in the early twentieth century, Sicilian sulphur mining entered an era of decline which, except for sporadic revivals in times of scarcity, has lasted until the present time.

Extraction of metal ores in Sardinia remained insignificant until the middle of the nineteenth century, when, partly because of the exhaustion of central European mines, foreign demand for Italian lead became important. At this stage a considerable proportion of Sardinian mining was in the hands of foreign companies and all the output was exported as crude ore. Not before the nineteen-thirties was sufficient smelting capacity for lead built in Sardinia, and zinc has still to be sent to the Italian mainland as crude ore.

Spanish iron ore, of excellent grade and situated very favourably on the Biscayan coast, was early exploited with the participation of British capital. Production, almost all of which was exported as ore, rose steadily to a peak of 9 million tons in the period 1910 to 1914, but subsequently declined steeply mainly through exhaustion of the more easily exploitable of the known deposits. Now that the Spanish steel industry is growing, it is seriously handicapped by the fact that the best mines have been exhausted. Similarly, the easiest and richest deposits of copper, lead, zinc and tin were exploited at an early stage, for the most part with foreign, especially British, capital,

Table 80

MINING PRODUCTION IN SOUTHERN EUROPEAN COUNTRIES

Index numbers—1928–34 = 100

Period	Turkey		Greece		Yugoslavia		Southern Italy		Spain		Portugal	
	Coal mining	Other mining	Coal mining	Other mining	Coal mining	Other mining	Coal mining	Other mining	Coal mining	Other mining	Coal mining	Other mining
1901–06	30	145	..	78 *a*	..	..	..	..	44	151	..	..
1907–13	50	113	..	251 *b*	..	..	62 *c*	119 *c*	58	164	..	..
1914–20	28	26	109	110	49 *d*	9 *d*	247	79	80	108	..	..
1921–27	50	58	116	109	79	32	162	86	88	105	73 *e*	82 *e*
1928–34	100	100	100	100	100	100	100	100	100	100	100	100
1935–39	150	308	77 *f*	156 *f*	102 *f*	188 *f*	967	114	74	64	128	194
1940–45	201	230	..	..	..	..	220	77	147	47	220	205
1946	243	216 *g*	103	20	140	159	2 600	48	166	54	204	96
1947	255	276	109	27	193	207	3 200	76	163	49	194	192
1948	263	423	99	24	217	246	2 200	91	164	57	202	234
1949	277	564	144	27	247	277	2 500	97	167	62	231	254
1950	287	560	148	50	257	300	2 400	117	171	72	216	245
1951	310	751	157	104	240	301	2 700	135	178	83	214	349
1952	..	..	206	..	261	324	2 500	146	..	..	224	368

Sources and methods : See Appendix B.

Note. — The series for coal mining cover hard-coal and lignite production. The series for other mining cover the following minerals : *Turkey :* Chrome ore, lead-zinc ore, manganese, mercury ore, antimony ore, copper ore. *Greece :* Magnesite, iron ore, iron pyrites, lead ore, zinc ore, chrome ore, bauxite. *Yugoslavia :* Lead-zinc ore, copper ore, iron ore, chrome ore, bauxite, iron pyrites, antimony ore. *Southern Italy :* Sulphur, lead ore, zinc ore, bauxite. *Spain :* Copper and iron pyrites, iron ore, zinc ore, lead ore, mercury ore, sulphur, manganese ore, tin ore, tungsten ore. *Portugal :* Copper pyrites, tin ore, tungsten ore.

The horizontal line indicates a break in the series.

The data are adequate to indicate general trends only ; in particular, no corrections have been made for changes in territory.

a 1900–09. *b* 1910–13. *c* 1911–13. *d* 1919–20. *e* 1922–27. *f* 1935–38. *g* Including iron ore from 1946 onwards.

---

[1] See a forthcoming book by C. Rodanò, *Mezzogiorno e sviluppo economico*, Laterza, Bari, 1954, pages 63–71 and 171–176.

and for each of them the peak output was reached before the first World War. On the other hand, Spanish coal production developed slowly, and Spain was until recently a heavy importer of coal.

Portugal, like Yugoslavia, had no important mining activity before the first war. In the inter-war period, British capital developed the mining of wolfram, of which Portugal has some of the very rare known workable deposits, and of tin and copper. Pyrites were extracted by British and Belgian firms which also—rather an exceptional case in southern Europe—built capacity for processing a part of the product within the country. On the other hand, mining of the rich iron-ore reserves of Portugal has not yet begun, although a concession was given to a French firm in the early 'twenties. Sulphur deposits have been worked to meet the needs of the vineyards for many years.

The developments described so far cover roughly the time up to the first World War and, in some respects, the inter-war period also. There are striking similarities in all six countries. The initiative for mining activity came in the vast majority of cases from foreign capital, and the tendency was to exploit the immediately profitable opportunities offered by already known (or suspected) deposits. Moreover, production was usually started to meet acute foreign demand and, as production facilities were developed elsewhere, the particularly favourable prices at first enjoyed frequently proved to be only temporary. Thus, in surprisingly many cases (especially in Turkey, Greece, Sicily and Spain) the zenith of production was passed during the first two decades of this century. (See Table 80). Finally, the ore was almost invariably exported in its crude form or as metal; only in a very few cases was capacity built up for further processing.

This picture of a more or less rapid increase followed by decline is, perhaps, not peculiar to southern Europe. It is found in other countries, too, and indeed this production curve may be said to be in the very nature of mining, consisting as it does in the depletion of a given reserve which, in the short run, means reserves within reach of the country's transport system and technical capacity. What seems to be peculiar to southern Europe, and to other countries producing mainly for export, is the shortness of the cycle of growth and decay.

Recent Policies for the Development of Mining

In more recent years, all southern European countries have taken steps—more or less far-reaching—to promote the general development of their economies. In these circumstances, mining has been regarded not as an easy venture for quick returns, but as an integral part of an economic structure to be purposively built up.

While Government intervention was not wholly absent in any of the countries, by far the most comprehensive measures were taken in Turkey and Yugoslavia. In 1937, the Turkish Government greatly increased direct state participation in mining (as well as in other basic sectors of the economy). Very large investments were made, especially in coal and iron ore mining, as well as copper and chrome, and spectacular increases in production resulted. More recently, government enterprise in mining has been more limited and in the next few years a decline in government investment is envisaged.

In Yugoslavia, as already mentioned, those fields of mining (coal, iron ore and oil) which were needed as a basis for Yugoslav industry and did not attract foreign capital were in the inter-war period developed under *régie fiscale*. Since the war, with socialization of practically all mining, there has been heavy investment, especially in coal and lignite, petroleum and gas, bauxite, iron ore, chrome and some other non-ferrous metals, and in several cases production is already much greater than before the war.

In Greece, an active mining policy has been adopted only very recently. The Government envisages an increase in mining production—in particular, of lignite and iron ore—of 180 per cent in the period from 1951 to 1954/55. This is to be secured through public credit facilities—and possibly fiscal incentives—to private undertakings. Furthermore, the plans include the building up by the State or with State aid of industries using Greek minerals.

In Spain, Government intervention is mainly concentrated on expansion of lignite production by the provision of finance through the State holding company I.N.I.

In Portugal, as in Greece, State intervention has been limited. So far, it has not gone beyond mining research, which has resulted, however, in the discovery of rich iron-ore deposits. The recent six-year plan envisages the building up of a steel industry, drawing its supplies from these deposits. Thus, Portugal is no longer an exception to the general trend away from mining for export and towards mining for the supply of home industries.

In southern Italy, the mining of strategic metals and of Sardinian coal was developed and carried out at the time of the inter-war " autarky drive ", and some State enterprises were organized which still exist. Sardinian coal production was particularly responsive to this combination of public investment and expanding demand and further investment is now envisaged.

The depressed condition of sulphur mining has called for repeated State support in recent decades. In 1940, a special public agency was set up to replace the cartel and to channel State assistance to the industry.

These few examples may suffice to indicate the extent and the forms of the new wave of mining activity in southern Europe in the last quarter-century. In some cases, new enterprises arose spontaneously as a result of new demand from local industries. But far more frequent and important are the cases where Governments undertook—although by widely differing methods—to develop mining. In this process, the stress has been almost invariably placed on mining to supply home industry and particular efforts have been made to improve the home supply of fuel and of iron ore.

The reasons for these more recent trends towards increased activity by the State and increased emphasis on mineral production for home use will be further considered in the following sections of this chapter. First, however, it may be stressed that, in their endeavours to promote development of their mineral resources, the southern European countries have had to face the handicap of being late-comers, in addition to their general problems of capital shortage and weak internal demand. Even with regard to their own domestic consumption, not to speak of foreign demand, it is often cheaper to supply marginal increments through imports from well established and highly developed producers abroad than to produce them locally. Such considerations are likely to be decisive for private investment, and it is understandable both that private venture capital concentrates on such limited possibilities as there may be for relatively quick and high returns, and that foreign capital in particular should gauge these possibilities mainly in relation to competitive conditions in the world market.

But in any policy for the general development of mining, it makes little sense to think only in terms of marginal expansion or of isolated projects. When expansion can come only through research and investment, both for new deposits and for new methods of extraction and utilization, changes cannot but be discontinuous. And when economies are generally backward, the calculation must allow for some development of consuming industries, transportation facilities, and housing and other social investments before " external economies ", like those already existing in more advanced communities, will help to make individual projects profitable. In these conditions, private enterprise is more likely to respond to a broad initiative under public sponsorship than to take the lead in a task for which it is unlikely to have either sufficient capital or a sufficiently long perspective.

2. Discovery of Mineral Resources

The State of Mining Research

Present inventories of mineral reserves must be looked at with a critical eye. They provide at best a rough indication of reserves discovered so far, and for even a rough appraisal of their significance it is necessary to know the extent and intensity of research lying behind the evaluation.

There are good reasons to be particularly sceptical of the inventories of resources in southern Europe, since in all these countries research lags considerably behind the standard reached in western Europe. Even such a basic prerequisite for geological prospecting proper as topographical maps of reasonable scale is lacking. It can be seen from the list below (Table 81) that the southern European countries which can turn to a 1 : 25,000 map covering most of the country are, comparatively, very fortunate. Even in Italy there are a number of regions where direct topographical mapping at 1 : 25,000 has not yet been completed. With regard to geological maps proper, the situation is strikingly bad. For Turkey, a geological map covering the whole country has been made on the scale of 1 : 800,000 only. In Portugal, the scale of the major geological map so far available is 1 : 500,000, and it dates back to 1899. Stratigraphical oil prospecting is wholly or almost wholly absent in all the southern European countries, with the exception of Italy,[1] and, quite recently, Yugoslavia. In the latter country a good start was made by the Germans during the occupation, and since the war the Government has extended this work to other regions. But much remains to be done before even the more interesting zones are surveyed. In particular, the very promising Montenegrin coastal region (both inland and offshore) has hardly been touched.

While the position in the basic work of topographical and geological mapping can be given in quantitative terms, it is more difficult to assess the state of mineral research and exploration in general. It is, however, possible to point to some cases where further research may have far-reaching effects. For

---

[1] In the southern part of Italy, however, only Sicily can be considered to be at an advanced stage of stratigraphical prospecting.

Table 81

TOPOGRAPHICAL AND GEOLOGICAL MAPS AVAILABLE FOR SOUTHERN EUROPEAN COUNTRIES

Country	Topographical		Geological	
	Principal	Additional	Principal	Additional
Turkey	1 : 200,000	1 : 25,000 for one-fifth of country. Scattered areas of specific military or mining importance.	1 : 800,000	1 : 100,000 : Three-fifths of country to be completed by 1955/56.
Greece	Scales between 1 : 100,000 and 1 : 200,000.	1 : 20,000 in certain regions.	1 : 500,000	1 : 50,000. 12 sheets covering one-fifth of country.
Yugoslavia	1 : 100,000 and 1 : 50,000, both in course of publication.		1 : 100,000 and 1 : 75,000, started 1931.	
Southern Italy . . .	1 : 50,000 for most of area.	1 : 25,000 for certain regions, including Sicily.	1 : 50,000 (1861) (not complete) 2nd ed. (1931–).	1 : 25,000; work begun. Also 1 : 5,000, 1 : 10,000 for selected areas.
Spain	1 : 50,000, not complete. Elsewhere 1 : 200,000 or 1 : 100,000.		1 : 100,000	1 : 50,000 started.
Portugal	1 : 25,000 Central region. 1 : 50,000 Remainder.		1 : 500,000 (1889)	1 : 50,000 : Lisbon region (1950), Santarem (1953). 1 : 20,000 Lisbon District (1940).

Sources : Information supplied by Governments.

instance, in Italy, scientific research has recently led to new hypotheses on the formation of sulphur deposits, which would seem to provide new hints for the discovery of virgin deposits, in place of the empirical (and generally unsuccessful) method of digging holes around the old deposits. It also appears likely that explorations already in progress will in a not too distant future clear up the question of availabilities of hydrocarbons [1] and geothermic energy in southern Italy. On the other hand, no real start seems to have been made with exploration of the iron-ore reserves suspected to exist in Calabria.

The figures in Table 82 for reserves as at present assessed should be read with due regard to the deficiencies in research and prospecting described above. In recent years very important new discoveries have been made, such as the hydrocarbons in Yugoslavia or the iron ore of Moncorvo in Portugal, and from Turkey there are frequent reports about the discovery of additional deposits of ores or coal. With intensified and modernized research there is every reason to expect revolutionary changes in the estimated resources.[2]

The Need for Co-ordinated Research

The previous discussion suggests that the foremost requirement for progress in the field of mining in southern Europe is intensified search for mineral

---

[1] Important oil discoveries were made in Sicily in October 1953.

[2] Even if geological knowledge could be assumed to be complete and reliable, the inventory of economically significant reserves remains highly uncertain. Examples are abundant of technical changes making exploitation possible where hitherto it had been assumed to be uneconomic. With regard to southern Europe, lignite is a particularly striking example. By drying, compressing or sorting the " tout venant ", lignite can be made valuable enough per kg. to pay for its transport; or it can be transformed into thermo-electric power at or near the pithead (as in the new big Ptolemais scheme in Greece); or, finally, it can be used as raw material for chemical industries near the pithead. Some lignite deposits used to be considered as poor because of a high sulphur content, until it was recently found that the sulphur can be extracted from them. This may be of particular significance for southern Italy.

Table 82

KNOWN MINERAL RESERVES OF SOUTHERN EUROPEAN COUNTRIES

Millions of tons, unless otherwise stated

	Turkey	Greece	Yugoslavia	Southern Italy	Spain	Portugal
Hard coal	400	—	39	Sardinia 600–700 [a]	8 000	20
Iron ore *(iron content)*	12	57	198	Sardinia 15–20 [b]	630	22
Lead *(metal content)*	+	0.12 [c]	+	Sardinia 0.27 [b]	1.09	0.01 [d]
Zinc *(metal content)*	+	0.15 [c]	+	Sardinia 0.62 [b]	1.00	0.01 [d]
Copper *(metal content)*	5 [e]		0.75		4.50	
Pyrites		2.50	+		273	7
Bauxite *(metal content)*		15	26	Apulia 5 [a]	+	
Chromite *(metal content)* . . .	7.80 [e]	2	12			+
Fluorspar *(ore)* $>35\%$ CaF_2 .					2.72	
Manganese *(metal content)* . .	4.80	0.22 [c]	0.15	Sicily 0.46	+	2.54 [f]
Antimony *(metal content)* . .		+ (Possibly large)	0.05–0.08			
Tungsten *(WO_3 content)* . . .					0.59	1.09
Mercury *(million flasks)* . . .			0.70		1.00	
Potash *(K_2O content)*				Sicily +	270–500	
Other important reserves . . .	Lignite Magnesite Gold Silver Emery Oil	Lignite Nickel Baryte Molybdenum Magnesite Emery	Lignite Asbestos Magnesite Oil Molybdenum	Sulphur (Sicily) Oil	Lignite Magnesite Tin	Cassiterite Asbestos

Sources : For hard coal and iron-ore : *World Iron-ore Resources and their Utilization* (United Nations publication, Sales No. 1950: II.D.3) 1950. For copper, pyrites, chromite and manganese : Hermann : *Les richesses minérales du monde* (Payot) Paris, 1950. For the remainder from : *Resources for Freedom*, Vol. II—*The Outlook for Key Commodities*, A Report to the President by the President's Materials Policy Commission, Washington, June 1952. Exceptions are as follows :

[a] Svimez : *Contributi allo studio del problema industriale del Mezzogiorno*, 1949.

[b] Società Elettrica Sarda : *Il Gruppo elettrico sardo e gli impianti dell'Alto Flumendosa*, Rome, 1949.

[c] UNRRA : *Mineral Resources of Greece*, Athens, 1947, and information supplied by the Greek Government.

[d] Centro de Estudos Economicos : *Revista*, No. 13, 1953.

[e] Emil-Paul Lorentz : " The Undeveloped Mineral Resources of the Turkish Republic ", *Mining and Metallurgy*, Vol. 29, No. 504, December 1948.

[f] *Resources for Freedom*, op. cit.

+ No figures available for reserves.

reserves capable of being exploited. All experience points to the existence of very great possibilities of further discovery. Indeed, it may not be too paradoxical to say that the relevant distinction is not between naturally " well endowed " and " badly endowed " countries, but between countries which have proved more or less efficient and quick in advancing along the path of discovery.[1] The efficient organization of mining research and prospecting is therefore of prime importance.

In the history of mining, an enormous amount of effort has been wasted through many separate prospectors having to find out independently the same thing. Not only are the results kept secret, lest competitors should benefit, but also firms seeking one kind of deposit frequently find information which, if pooled, could have been useful to others with different objectives. Geophysical prospecting and " wild-catting " for oil could, for instance, indirectly benefit other explorers.[2] The obvious conclusion is that Governments should take measures to secure the pooling of all information resulting from private research and exploration.

---

[1] " Gradually and progressively the opinion that our substrata are extremely poor is being revised " *(Plano de Fomento para 1953–1958. Vol. I. Proposta de Lei.* Ministérios da Economia e da Ultramar, Lisbon, 1953, page 22).

[2] In Sicily, for instance, there is a considerable similarity between the criteria to be followed in prospecting for oil and for sulphur. The regional Government has now established a system for co-ordinating these two lines of research.

A second and still more important question relates to the scope that should be given, respectively, to public and private research and prospecting. Clearly, topographical mapping and countrywide geological surveys, as well as other geological, physical and chemical research relating to mining, belong by their very nature to the field of public responsibility. As to prospecting itself, the attention of public authorities should be concentrated in those fields where the returns on the efforts invested are too remote, or too "diffuse" (in the sense of benefiting the community at large as well as the investor himself) or where the capital required is too huge to attract private initiative. Apart from the special case of oil, private initiative has tended to concentrate on fragmentary research and exploitation where immediate, though less ambitious, results could be expected. Such fragmentary activity, usually with little initial assistance from government-sponsored research, was sufficient to bring about a considerable development of mining in northern and western Europe and in the United States during the last two centuries. But this experience offers few lessons today for southern European countries, which do not have the privilege of being pioneers in the market. They are new entrants who have to compete with firmly established producers and the systematic, government-sponsored studies and exploration, which could partly be dispensed with by other European countries one or two centuries ago, are essential for the southern countries.

Although not pertaining to southern Italy specifically,[1] the history of the discovery of natural gas in Italy deserves to be mentioned as an outstanding example of successful State enterprise in mining research. Private search for petrol had been going on, with very modest results, since the middle of the nineteenth century. From 1911 to 1925, the State provided some subsidies and facilities; but, in spite of this assistance and the formal reservation of petroleum to private enterprise, private research was turning away from this field, disappointed by the lack of results. In 1926, however, it was decided to supplement private initiative by a State agency, A.G.I.P. This agency adopted gravimetric and magnetometric methods, and the scientific co-ordination of many lessons emerging from past exploration led to a shift in the search to zones which had hitherto been neglected. In 1939, A.G.I.P. adopted seismographic reflection methods, and these led in 1944 to the first big result—the discovery of the gas field of Caviaga. What followed can best be illustrated by showing the percentage of Italian energy consumption covered by natural gas :

	Percentage
1930 to 1939	0.33
1948	1.58
1952	8.79
1953 (forecast)	13.75
1958 (forecast)	40

The main thing to note in this experience is that the success was not in the nature of a lucky hit. It was the result of research over several decades, and definite progress began only when State participation made possible the pooling of results, the adoption of the most modern methods and the spending of huge sums. Even so, it took almost twenty years of publicly sponsored research.[2]

Southern European Governments have recognized, though in varying measures, the need for public initiative in the field of mining. All the countries in question seem to have some kind of general mining administration, mainly with a co-ordinating function, but in some cases also taking an active part in the development of the industry. There are also the purely academic bodies which cultivate research. In addition to increased financial help for these bodies, a strengthening of collaboration between them and public administration and private enterprises seems to be required in all the countries of southern Europe.

Turkey has built up, in the last seventeen years, a Government institute (M.T.A.) which carries on all the different stages of research and exploration, from general geological studies to actual drilling. It has achieved considerable practical results in carrying out research where private initiative was weak or wholly absent.[3] In Greece, a public institute for the geological exploration of the country exists, but its annual budget is only the equivalent of $50,000, a remarkably small amount for a country which is believed to be rich in minerals and where geological prospecting has hardly begun (see Table 81).

Another interesting pattern of public action is the setting up of Government-sponsored syndicates, which co-ordinate a group of mining enterprises and, *inter alia*, pool their research activities. Italy has a number of varieties of this type,[4] and there are analogous organizations in Spain.

---

[1] As mentioned earlier, the intensification of oil and gas research in southern Italy in recent years is, however, already leading to the discovery of some exploitable reserves.

[2] Since the 1944 discovery private interest in oil and gas research has revived, and recent legislation has divided the field for future research between the State and private interests.

[3] These results are now made generally available.

[4] There are compulsory syndicates of private firms, such as the *Ente Zolfi* (sulphur), and holding companies consisting of state-owned firms, such as the *A.Ca.I.* (coal), *E.N.I.* (hydrocarbons), *A.M.M.I.* (metal ores). Such State co-ordination may be regarded as a counterpart to the trustification achieved in the remaining sectors of mining by one private company, the *Montecatini*.

3. PROBLEMS AND POLICIES OF MINING EXPLOITATION

The discovery of mineral deposits is of course only the first step towards their exploitation. Several circumstances may briefly be considered which make the undertaking of actual mining operations more problematic in southern than in most other European countries. First, capital, especially of a risk-willing nature, and administrative and technical ability are scarce. Secondly, the supply of adequately trained labour often presents difficult problems. Thirdly, transport difficulties often prove a hindrance to the exploitation of otherwise economic mines. Fourthly, there are the problems arising from the fact that southern European countries have tended, in mining as in other fields, to be " technique-followers " rather than " technique-leaders ".

The general problem of capital shortage is discussed in Chapter 10. With respect to mining in particular it need only be mentioned that it is typically a large-scale operation in all possible senses. The unit of operation is generally large,[1] the period of immobilization of capital very long and the margins of uncertainty about profits are exceptionally wide. Moreover, mining investments often pre-suppose complementary investments both for developing the area (residential and transport facilities, etc.) and for building up consuming industries. These are, as already indicated, reasons why in countries such as those of southern Europe, mining is one of the sectors where the need for public enterprise or public capital assistance is most likely to arise.

As to the establishment of priorities in the allocation of scarce capital and organizational ability among different possible fields of mining, one generalization can perhaps be ventured. The success of any particular branch of mining depends closely on the integrated development of all the industrial stages through which the mineral has subsequently to pass. Therefore, in countries where the industrial structure is relatively little developed, better results may be expected from concentrating investment on the creation of comparatively self-contained branches of production, than by spreading it over many different types of mining. Such considerations seem, in fact, to have been important in recent government-assisted production plans in Greece. The principle of " vertical " concentration of investment here suggested would obviously imply a preference for those mining products which meet less specialized demands—notably coal, energy supplies in general and iron ore.

Despite the general excess of manpower in agriculture, manpower shortage is no less widespread and chronic a feature of mining in southern Europe than in other European countries. The shortage of labour may appear as a problem of absenteeism and rapid turnover. In Turkey, indebted peasants used to go to the mines and work until their debts were paid off. In Spain in recent years, many workers of the Biscayan iron mines have worked only on a half-day basis, devoting the remaining half of the day to agricultural work. Incentive measures have been introduced in Spain, though with little result, and compulsory measures were tried in Turkey during the war.

What is required is, it seems, a complex action. Higher wages are part, and probably only a minor part, of the answer. In order to attract and hold manpower and to develop it into an efficient and stable mining population, all-round community planning is necessary,[2] which can be all the more successful if such communities are made into integrated industrial centres by bringing transforming or consuming industries to the pit-head.

Distance from outlets and lack of cheap transport facilities are of tremendous importance in limiting the profitability of mining. These handicaps may be reduced from two sides. First, transport costs may be reduced very considerably by refining the mineral at the pithead.[3] The important case of lignite has already been mentioned. Second, if a given deposit appears unprofitable because of lack of transport while a railway would be unprofitable through lack of traffic, it is possible that both investments would appear profitable if undertaken simultaneously. The example may appear trivial, but because of the size and " discontinuous " nature of such investments it is very well conceivable that such possibilities remain unexploited unless their complementary nature is made evident in the framework of a co-ordinating economic policy. The last decades in Turkish mining and railway policy provide examples of the realization of " external economies " in this sense. Spain, on the other hand, seems to provide some typical instances where similar possibilities still await exploitation.[4]

---

[1] In present Italian conditions, the minimum amount of capital necessary to tap the natural gas from an already known deposit is $3 million. (M. Boldrini : *Problemi economici del metano in Italia*, Universale studium No. 23, Rome.

[2] The town of Carbonia in Sardinia provides an example of such community planning.

[3] Copper ores, for instance, may by concentration be reduced to one-twentieth of their original weight.

[4] In particular, there are considerable deposits of iron ore and lignite which at present are out of reach of the transport system.

In the past, southern European countries have typically adopted technical patterns evolved in other more developed countries for application to different types and qualities of resources. As already mentioned, they have been " technique-followers ". Plants have, for example, commonly been designed to burn or carbonize given kinds of English, German or American coal. The fact that so wide a range of southern European mineral reserves are at present classified as economically inferior may partly be imputed to their being evaluated with reference to such imported techniques. A readaptation of technical outlook, processes and equipment is, therefore, needed to widen the range of possible lines of development in southern Europe.

One of the principal opportunities lies in the technical advances now being made in the treatment of lignite. Another example of the scope for technical flexibility is the attempt made in Spain during the war to use indigenous bauxite, hitherto considered unfit for producing aluminium. An important problem, still to be solved, is the use of the sulphurous ferrous ores found in several southern European countries.[1]

Autonomous experimentation, and eventually the spreading of new patterns of end uses, should be regarded as a major element in southern European mining policy. Here again Government-sponsored research is likely to be necessary, both because the uncertainty of the results may discourage private research and because of the wide range of industries on which research must be directed.

---

[1] It will be recalled that France had a serious problem with its phosphorous iron ore (minette) until the Thomas process was evolved to deal with it.

4. MINING FOR EXPORT OR FOR DOMESTIC INDUSTRIES

The preceding sections of this chapter have already provided some elements for a discussion of the comparative merits of mining production for export or for use in domestic industries.

It was seen that in the case of minerals extracted for processing within the country there are greater opportunities to secure a balanced and steady development which takes the fullest advantage of available resources. Production for foreign markets is more risky. Export markets may dwindle with the development of competing supplies, as happened with Sicilian sulphur mining after it had for some time enjoyed an apparently safe monopolistic position in the world market. Similarly, other natural monopolies of southern European countries may prove transitory. Moreover, besides the eventual risks of long-run decline, the violent short-term fluctuations caused in certain export lines by any change in market conditions may cause serious disturbance. An instance of extreme sensitivity is provided by the southern European production of pyrites.

Where the choice exists, there is a strong case, therefore, for developing mining principally as a source of raw materials for home industries, thereby reducing the dependence on imports and on the vagaries of foreign demand. However, with the possible exception of bauxite, the products which are most promising as export items tend to be also those which are unlikely to provide starting points for industrial development at home. In fact, southern European countries could produce a handsome list of minerals for which a continued keen export demand is likely. For example, the Paley Report listed the following strategic requirements : chrome from Turkey, wolfram from Spain and Portugal, bauxite from Yugoslavia and Greece, sulphur from Italy and Portugal, fluorspar from Spain and Italy, and mercury from these two countries and Yugoslavia.[2]

The question of developing exports of these products is closely bound up with that of attracting foreign capital. Both Turkey and Greece have recently drafted new laws intended to attract private foreign capital, not least for mining enterprise. It may be, of course, that foreign capital, from the point of view of the capital importing country, could be more advantageously employed in other fields than in mining enterprise for immediate export. But it must be remembered that foreign private capital of the risk-willing kind here required is likely to be available, if at all, only for the particular purpose of mining for direct export. There is much to be said, therefore, for reserving for foreign capital these mining opportunities which are interesting only for export in raw or crudely processed form, while concentrating the scarce domestic capital resources available on mining projects which are more directly related to the building up of a balanced industrial structure.

---

[2] According to one source, the ranking of southern European countries among the chief world producers of some important minerals is as follows : Turkey ranks third for chrome (with 15 per cent of total world production); Portugal third for wolfram (8 per cent); Italy first (39 per cent) and Spain second (37 per cent) for mercury.

See F. Friedensburg (for Deutsches Institut für Wirtschaftsforschung, Duncker & Humblot, Berlin), *Die Bedeutung des Bergbaus in der Weltwirtschaft und in der Weltpolitik*, 1953, page 9.

Chapter 14

MANUFACTURING INDUSTRY

1. The Present Stage and Recent Development of Manufacturing

In all the countries of southern Europe, manufacturing accounts for a far smaller share of total employment and income than in western Europe. This is, indeed, the measure of their retarded development. The figures in Table 83 show that in no southern European country is the proportion of employment in manufacturing higher than two-thirds of that in France, and in Turkey it is still below one-third of the French level.

Such comparisons, based on population statistics, are necessarily subject to considerable uncertainty, since statistical coverage and classification differ as among countries and often also among different censuses in one and the same country. The figures are nevertheless sufficiently comparable to show the broad ranking of the countries, as regards both total manufacturing and each of the main groups of industries. The comparison, in terms of employment, with France (taken here as an example of western Europe) under-states the industrial backwardness of the southern European countries because output per man in industry is lower in the latter countries. Moreover, the figures for the active industrial population in southern Europe include large numbers who are only in intermittent employment in industry, as well as those employed in handicrafts and domestic industries ; this is especially true of female labour in textiles and clothing.[1]

A distinction must be made as regards the level of industrial development in the different southern European countries between southern Italy, Spain and perhaps Portugal on the one hand, and Greece, Turkey and Yugoslavia, on the other. The former countries felt the first impulse of industrialization in the 19th century but, far from their catching up with more advanced countries, their subsequent progress has been limited and irregular. The second group of countries remained outside the process of modern industrialization up to the first World War, except for some small stirrings in a few favoured areas such as Athens and Salonica in Greece, Istanbul and Izmir in Turkey, and Zagreb and Ljubljana in Yugoslavia. Progress on a broader front started only in the 'twenties or 'thirties, but then with comparatively great impetus. Since industry in these countries is still relatively young, it is heavily concentrated on the more elementary forms of manufacturing, while, in the other group of countries, industry, being of older origin, is more diversified. Southern Italy is, as always, a special case with a manufacturing structure which, so to say, has grown older without growing bigger : while several highly specialized types of production—even electronics in recent years—have been developed, southern Italy is still utterly deficient in many elementary branches of industry.

It is to be expected that handicrafts and small-scale industry catering for local customers should account for a large share of total manufacturing employment in southern Europe, and the greater part of the employment shown in Table 83 under the headings food,[2] clothing and wood-working, is in this kind of undertaking. With the possible exception of Turkey, the volume of employment in these trades has settled at a figure which is roughly similar in all the southern countries, but still much lower than that found in France. The difference flows mainly from the lower standards of living and the more widespread processing of food in the households in southern Europe.

In contrast with the branches of production mentioned, the textile industries need not be developed near to the consumer. But, as is well known, several circumstances concur to make textiles almost invariably the first factory trades to be developed. First of all, markets are easily found, by displacement of imports and of spinning and weaving in the household.

---

[1] Such differences of productivity and of continuity of employment should be kept in mind also in comparisons through time and from country to country inside southern Europe. It may be noted in this connection that the fall, between 1901 and 1946, in the share of the French population over 15 years of age employed in manufacturing largely reflects the change in the age structure of the population but is also to some extent to be explained by the improvement of the industrial structure, through the reduction of the more primitive forms of industrial employment.

[2] The group, of course, also includes some industries catering for a wider market, such as sugar and canned food, but their share in the total is very small.

Table 83

ACTIVE POPULATION IN MANUFACTURING INDUSTRIES PER THOUSAND PERSONS AGED 15 YEARS AND ABOVE

Country		Manufacturing	Food, drink, tobacco	Clothing and leather	Woodworking	Metal processing	Textiles	Other manufacturing
Turkey	1927	27	8	7	3	4	3	2
	1945	50	6	12	6	11	9	6
Greece	1928	80	14	35	13	11	4	3
	1951	90	..	..	..	..	..	..
Yugoslavia	1931	63	9	21	10	15	4	4
	1953	66	7	11	15	19	7	7
Southern Italy	1901	135	12	51	14	13	37	8
	1936	87	10	31	15	15	4	12
Spain [a]	1920	90	11	21	12	16	17	14
	1940	96	11	17	14	21	16	17
Portugal	1930	73	8	25	7	11	10	12
	1950	99	13	23	12	14	17	20
France	1901	172	18	60	8	31	32	23
	1946	145	15	34	8	50	17	21

Sources: National censuses and/or information published or directly supplied by the National Statistical Offices. For further details, see Appendix B.

NOTE.—The data refer to the territory of the year in question.

[a] Figures have been adjusted by allocating proportionally between all major branches, 177,000 unspecified in 1920 and 433,000 unspecified in 1940.

Moreover, textile production suits both the possibilities and the inclinations of local capitalists, since, in weaving at least, the technical units need not be very large and the turnover of working capital is rapid. Finally, the labour skills are easily acquired. The recent development and the present position of textile industries in each southern European country are shown in Tables 83 and 84. In the countries of recent industrial development, Greece, Turkey and Yugoslavia, the trend is one of rapid increase in employment and, particularly, in the volume of output. The textile industries of Spain and Portugal, on the other hand, have long been established, and these two countries have been traditional exporters of textiles ; Spain had for a long time considerable exports to South America, but, mainly because of the loss of these outlets, exports now account for a lower share of total production than in Portugal, which has markets in its African colonies. In southern Italy, the development of a textile industry was halted by the unification of Italy, and the south eventually became dependent on textile supplies from the north.

Besides the typically local industries and textiles, each of the countries early developed some specialized industries for which there happened to be particular advantages. The tobacco industry is of importance in Greece, Turkey and Yugoslavia. Turkey and Greece have had flourishing carpet industries, based on long traditions. Metallurgy using local ores started comparatively early in Spain and Yugoslavia. The cork and sardine industries in Portugal, the tomato industry of Naples and the wine industries of Portugal, Spain and Sicily are other examples. The development of these industries was favoured by export demand, and in extreme cases, such as Portuguese cork, almost the whole of the production is for export.

Apart from the three groups of industries mentioned so far, industrialization in southern Europe is still in its first stage. It is not surprising that the spread of industry to other fields is a slow process, since it involves either the displacement of cheaper foreign supplies—as, for instance, in engineering and chemicals—or the growth of local demand. In both cases the availability of technical skill and of entrepreneurship raises problems, whereas in textiles and food processing there was a long tradition of handicraft and household production to build upon. Table 84 shows that, so far, Spain has developed the most diverse industrial pattern among the southern European countries. It has the highest production per head of rayon, sugar, basic chemicals, cement, paper and steel. The figures for *per capita* output of electricity, shown in Table 84, are perhaps the most telling indicator of relative levels of development : Spain is at a high level by southern

Table 84

PRODUCTION OF SELECTED INDUSTRIAL COMMODITIES PER HEAD OF TOTAL POPULATION

Kilogrammes

Country	Year	Cotton yarn	Cotton tissue	Wool yarn	Woollen tissue	Rayon filament	Raw sugar	Cigarettes	Sulphuric acid [a]	Caustic soda	Super-phos-phates	Cement	Paper and paper-board	Crude steel	Electric energy [b]
Turkey	1929	0.2	0.3	. .	. .	—	0.7	0.5	—	—	—	4.7	—	—	0.1
	1938	1.2	1.0	0.3	0.2	—	2.8	0.6	—	—	—	16.9	0.5	—	0.2
	1952	1.6	1.0	0.4	0.2	—	8.3	0.8 [c]	0.6	—	1.0	20.8	0.8	6.9	0.5
Greece	1929	1.3	0.4	0.1	0.2	—	—	0.8	. .	—	13.4	24.7	1.9	—	0.1
	1938	2.2	0.5	0.2	0.4	—	—	0.8	5.6	—	9.6	43.6	3.7	—	0.4
	1952	2.6	1.8	0.6	0.4	0.2	—	1.3 [c]	9.8	—	17.0	76.6	4.1	—	1.0
Yugoslavia . . .	1929	. .	. .	. .	. .	—	9.5	0.4	. .	0.6	6.6	64.4	2.3	7.2	0.3
	1938	. .	1.0	. .	. .	—	2.4	0.3	. .	0.7	1.4	46.0	2.0	14.8	0.6
	1952	1.6	0.9	0.6	0.4	—	3.5	0.7	2.0	1.2	2.3 [c]	78.9	3.0	26.7	1.6
Southern Italy .	1929	. .	. .	. .	. .	. .	0.7	. .	. .	. .	. .	22.2	. .	10.9	0.9
	1950	0.4	0.3	. .	. .	. .	0.9	0.5	10.1	. .	. .	56.5	1.5	9.9	1.7
Spain	1929	1.3	. .	. .	. .	—	10.0	0.3	4.8	. .	42.2	78.9	12.0	44.3	1.1
	1934	. .	. .	. .	. .	0.1	9.5	0.3	6.7	. .	42.4	55.9	9.4	24.2	1.2
	1952	2.3	. .	0.5	. .	0.4	15.6	0.4	23.4	2.9	43.8	86.9	6.5	31.9	2.8
Portugal	1929	. .	. .	. .	—	—	—	0.1	. .	. .	33.8	13.1	1.6	—	0.4
	1938	2.8	2.2	0.6	0.5	—	—	0.1	10.8	. .	30.1	35.7	3.3	—	0.6
	1952	4.1	3.4	0.8	0.4	0.1	—	0.4	21.5	. .	37.9	85.0	4.8	—	1.6
France	1913	6.0	5.7	2.2	1.8	0.1	19.8	0.1	22.6	2.0	49.3	48.3	17.6	175.2	1.5 [d]
	1952	6.0	4.3	2.6	1.7	1.0	29.0	1.3	27.7	9.4	20.2	206.6	28.9	255.8	9.8

Sources and methods : See Appendix B.

NOTE.—The data refer to the territory of the year in question.

[a] 100 per cent H_2SO_4.

[b] In hundreds of kWh.

[c] 1951.

[d] 1920.

European standards, with an output of electricity twice as high as that of Portugal, southern Italy or Yugoslavia and three or four times as high as that of Greece or Turkey. Nevertheless, Spanish output of electricity is quite inadequate to meet present industrial needs, and the level of *per capita* output is only one-third that of France.

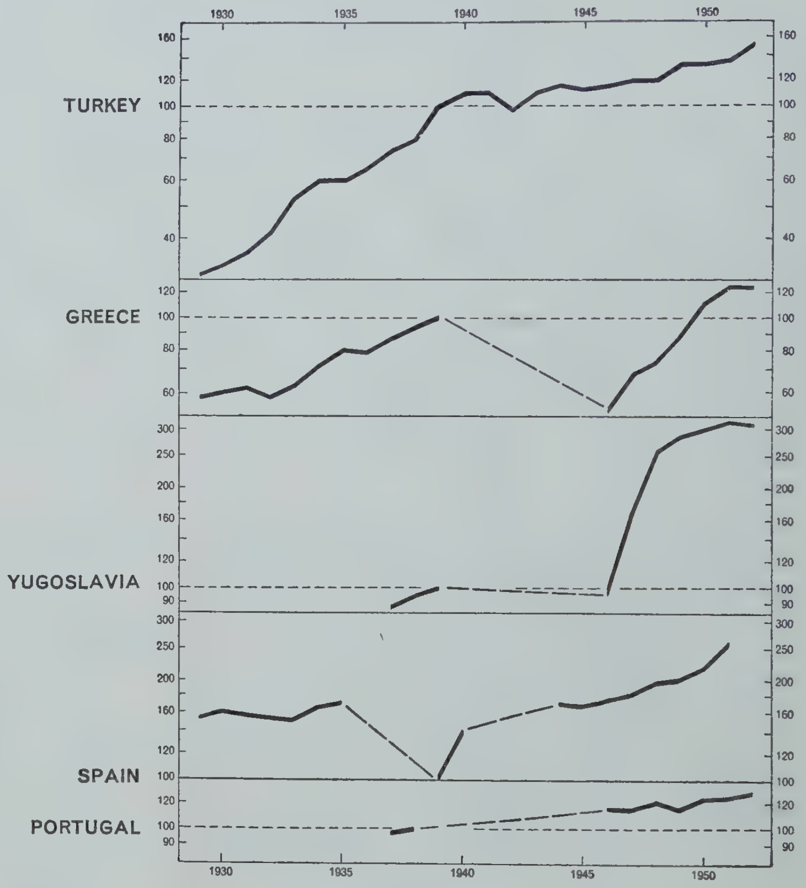
The figures shown for "metal processing" in Table 83 give a rough indication of the relative importance of the engineering industries. Spain, again, ranks high among the southern European countries, and until recently it was the only one where the production of highly complex kinds of engineering goods, such as motor-cars, had been started, albeit on a small scale. The Yugoslav industrialization plan, however, includes the establishment of a large number of highly developed engineering industries, and important results have been achieved, notably in the production of electrical equipment.

Chart 10 shows the movements of industrial production since 1929 in each of the southern European countries. The statistical data available are somewhat uncertain, and the movements shown in the chart must therefore be regarded as no more than an attempt to indicate the broad trends in different periods. In particular, no close measure is available of the increase in industrial production in Yugoslavia from before the war to the present time.

Chart 10

INDEX NUMBERS OF MANUFACTURING PRODUCTION INCLUDING ELECTRICITY [a]

1939=100 [b]*; logarithmic scale*



Sources: See Appendix B.

NOTE. — The data refer to the territory of the year in question.

[a] Turkey, manufacturing only. Yugoslavia including mining, which developed roughly as did production in other sectors.

[b] Portugal *(1938=100)*.

There is no doubt, however, that industrial development between 1929 and the outbreak of the second World War was most rapid in Turkey. The steady growth of Turkish industry, uninterrupted by the world depression, owed much to the policy of state-sponsored industrialization described in Chapter 6. It must, however, be remembered that Turkey started from a very low level, and the rates of increase were therefore bound to be high in the first decade of industrialization.

The late 'thirties were years of rapid growth in Greece also. Manufacturing output in Spain stagnated during the depression, and the civil war then caused a steep decline. Data on developments in the other countries are weak. Yugoslavia and Portugal seem to have had a moderate increase in the late 'thirties, whilst hardly any expansion occurred in southern Italy.

During the war, and in the first few years after it, industrial production in Turkey continued to expand, although at a much slower rate than previously. In Spain, the recovery from the ruins of the civil war was long delayed by shortages in energy and transport together with acute balance-of-payments difficulties. In Greece, recovery was delayed by very heavy losses during the war and by the civil war which followed it, and the pre-war level of total industrial output was not reached before the end of 1949. In Yugoslavia too, war losses were very heavy, but a centralized policy of industrialization, and some assistance from abroad, enabled it to raise production considerably over the pre-war level in the years immediately following the war. One important factor making this increase possible was the existence of much unused capacity before the war.

More recently, the difficulties arising from the break between Yugoslavia and the countries of eastern Europe, together with other adversities described in Chapter 8, caused an interruption, for some years, in the increase of production. In Spain, production has increased markedly. In Turkey, the increase has been fairly regular during the whole of the post-war period, although there was some acceleration after 1950. In Portugal, the increase has been continuous, but slow, since before the war. In southern Italy, where the war had further depressed the little manufacturing industry which existed, there are now some signs of an improvement stemming from the new policy of assistance to the south.

2. Policies to Promote Industry

The development of manufacturing in southern Europe, as well as in other economically retarded countries, is hampered by the lack of a favourable environment for enterprise. The level and distribution of incomes provide an inadequate home market for mass-produced industrial goods. Deficient communal services and public utilities deprive manufacturers of the most elementary external economies. In Sicily and Spain, for instance, small manufacturers must generally carry the cost of private electric generators, if they want to be sure of a sufficient and regular supply of energy. Furthermore, the supply of skilled labour is a serious problem in countries like Turkey and Portugal where a large part of the population is illiterate. The most important impediment, however, is the lack of savings, especially since industry generally finds it more difficult than other branches of activity to secure a share of the little saving available.

It follows that policies directed to remedy these basic deficiencies may prove more relevant to the long-run development of manufacturing than specific measures for the promotion of industry. For instance, the Portuguese policy of monetary and financial reorganization in the late 'twenties and the subsequent development of transport and energy supplies, and the policy of " pre-industrialization " launched in southern Italy in 1950, have laid foundations for a later development of manufacturing. Similarly, the change in attitude towards foreign capital apparent in recent Turkish and Greek legislation is intended to contribute to the development of new industries. All such measures, though essential prerequisites, are, however, not necessarily sufficient for a development of manufacturing industry to follow automatically, and policies more directly concerned with the promotion of industry are likely to be needed at the same time or at a later stage.

Some of the more general problems of development policy will be discussed in the next chapter. Only those policy measures specifically concerned with manufacturing are here reviewed.

Protection

In countries with large amounts of surplus labour in agriculture there is a systematic tendency for the ratio of industrial to agricultural prices to be high compared with the ratio prevailing in more-developed countries. Hence, at exchange rates which secure over-all equilibrium, industrial goods tend to be systematically uncompetitive with foreign supplies. There is thus little scope for industrialization in these economically retarded countries, unless a fairly high protection against foreign competition is given. All southern European countries changed over from the predominantly " revenue " type of tariffs to decidedly protective tariffs in the 'twenties. But, generally speaking, these tariffs have not been consistently designed to favour an all-round industrialization. Agriculture was also granted much protection, and protection for manufacturing was generally concentrated on textiles and a limited range of other products, mainly consumer goods.[1] It is not surprising that, when tariff laws are framed, industries which have already become important in a country command more attention than those which have still to be developed. There is no interest group to demand protection for the latter, and, indeed, existing industries may welcome free trade for other products; the textile industry, for instance, has a positive interest that machinery imports should be free of duty.[2] However, once responsibility in planning for longer-term economic development is accepted by the State, as it is now in southern Europe, the question arises whether a more dynamic kind of tariff policy could not replace the inherently conservative tariff structures now found in most countries.

---

[1] The above does not apply, of course, to Italy, where, however, the industrial protection in force was of no help to the south, which remained exposed to northern Italian competition. See Chapter 9.

[2] This claim for duty-free imports of engineering products was generally supported by Governments because of the need to encourage importe of machinery in the very early stages of industrialization.

It was suggested in an earlier report in this series [1] that tariff policy could be rationalized by introducing an *ad valorem* duty to be applied at a uniform rate to all industrial products. A tariff of this kind would, on the one hand, meet the general need for protection by offsetting the systematic over-valuation of industrial goods and thus leave room for a diversified industrial growth, and, since it does not discriminate in favour of particular products, it would, on the other hand, leave room within each branch for specialization on those products for which the country concerned has special advantages.[2]

A more modest form of protection of home industries against foreign competition is the attempt made by various southern European Governments to create an additional market, especially for new industries, by reserving State orders for them. Different provisions for guaranteeing State orders, or a share of them, to domestic industry, have been enacted in all the southern countries. The practical importance of this has, however, been limited.[3]

Subsidies and Tax Concessions

Turkey has also applied, in the context of its Law for Encouragement of Industry, the straightforward method of granting to selected new industries subsidies of up to 10 per cent of the value of their output. Moreover, they were given their sites free out of communal land. A more common method of encouragement, however, has been the granting of fiscal alleviations or exemptions to industry in general or to factories established in certain zones. Under the Turkish law just mentioned, industrial undertakings enjoy total exemption from direct taxes for a number of years, and a 50 per cent reduction is given under the Spanish law. Similar provisions were enacted to the benefit of new industrial zones in Italy, and recently, Portugal succeeded in promoting investments in oil refining by granting special tax facilities to the trust concerned (S.A.C.O.R.). In pre-war Yugoslavia, company profits were left almost untaxed. Other forms of alleviation on taxes falling on industrial costs—for example, on fees for deeds—have been applied. Among the most common in this group of measures are the exemptions from duties granted, in Turkey, Italy and Spain, on equipment imported to set up new plants.

Electricity and transport tariffs provide considerable scope for encouraging industry by discriminatory cost reductions. One example of a consistent policy of this kind was the railway tariff of pre-war Yugoslavia, which discriminated against agriculture and passenger traffic and in favour of industry. A special case is the Italian law subsidizing industrial consumption of electricity in the commune of Palermo. Generally speaking, however, it seems that little attention has been paid to such kinds of policy in southern Europe.

Credit Facilities

Much has been done to improve credit facilities for industry. New institutions have been set up through which finance could be channelled to industry, loans have been given directly by the State, and public assistance in the form of subsidies and guarantees has been given to credit institutions.

The Turkish Government has been particularly active in developing policies of this kind. The industrial development policy started with the creation of a semi-public " Bank of Affairs " (Iş Bank), which both financed private firms and launched enterprises of its own, and, in the new liberal phase, a bank exclusively devoted to long-term private industrial investment has been created. In Greece, the establishment of an industrial development bank is contemplated. The Italian Government quite early developed a system of specialized institutions for industrial financing (Istituto Mobiliare Italiano, etc.), and an extension of this system to the South is under way. In Turkey, Greece, Italy and Portugal, the administration of economic aid under the European Recovery Programme has considerably widened the scope for Government intervention in the allocation of credit. Moreover, the recent economic plans in Portugal and Greece are to be carried out mainly through the granting of special credits to private firms which will undertake the planned investments.

In cases where the provision of credit facilities was not enough to bring forth private initiative, Governments have had to participate directly in industry. Systems of Government share-holding in private business have been widely applied in southern Europe. The Italian I.R.I. and the Spanish I.N.I. are the most important examples. Other instances of mixed participation are found in Turkey, and very recently the Sicilian regional authority has adopted a similar procedure.[4]

---

[1] See *Economic Survey of Europe since the War*, page 220.

[2] A generalized industrial protection, at a flat rate, as here suggested would, by and large, take care of the protection needed for " infant industries ". Special cases, where an otherwise particularly promising industry would still be temporarily uncompetitive might then be given additional assistance, preferably in the form of a direct subsidy during its " infancy ".

[3] In addition to tariff protection and to the guarantee of Government orders, quantitative restrictions on imports were widely applied in southern Europe during the 'thirties. Although introduced for the immediate purpose of safeguarding the foreign balance, they doubtless provided, in some cases, a stronger protection for home production than did the tariffs.

[4] See Chapter 9.

State Enterprise

Both lending and share-holding at public cost have their inherent limitations. On the one hand, there are extreme cases where such assistance is wholly insufficient to call forth any private initiative. This appears to have been the general situation in Turkey until recently. On the other hand, it would be unacceptable to attract private enterprise by methods which would in effect give it all the chance of profits, whilst the risk of losses was borne exclusively by the Government. In such extreme cases, the natural solution has been for the State to become manufacturer on its own account. By far the most important example of this is the phase of *étatisme* in Turkish industrial policy. Owing to the lack of private entrepreneurship, even the expansion of textile production had to come through the development of State factories. In pre-war Yugoslavia, private enterprise could play a greater role, since foreign firms were attracted by the granting of lavish facilities to them, especially in the late 'thirties. However, in a few sectors, notably steel, public enterprise was deemed necessary.[1]

In Italy and Spain, because of the higher development of private finance, public ownership is rarely found in manufacturing industries, but, as mentioned, mixed forms of ownership do occur. The Portuguese Government excludes, as a matter of principle, public operation of manufacturing industries. But it has recently been announced that, in particular fields shunned by private entrepreneurs, the Government will take the initiative, turning over operation to private business at a later stage, when the initial difficulties have been overcome. In Greece, public ownership in manufacturing has not yet been tried, but the present plan includes—as an interesting innovation—energy plants to be built and operated by the State.

The grouping of countries according to the stress laid on State ownership or participation in manufacturing runs parallel to the grouping found in the preceding chapter with regard to mining. But a comparison with the situation in mining leads to an important distinction. Whilst the development of mining production in the last three decades suggests that public enterprise or public sponsorship in some form is an essential prerequisite for rapid progress, such a generalization would not hold for manufacturing. The situation is much more varied on account of differences, for instance, in capital intensity and in sensitivity to cyclical fluctuations as between industries, and differences in the supply of risk-willing capital as between countries. It has been seen, for example, that the development of textile industries required State enterprise in Turkey but not in Greece, and the result can in both cases be regarded as satisfactory. In the particular case of steel, it would seem, however, that, owing to the technical characteristics of the investment, some State participation has been necessary in the steel-producing countries of southern Europe.[2]

---

[1] The forms and vicissitudes of public enterprise in post-war Yugoslavia are not relevant for this chapter, since they depend on wider considerations than those relating to manufacturing industries specifically. See Chapter 8.

[2] Spain is only apparently an exception. The inadequacy of existing private enterprise is generally agreed, to the point that the State holding company I.N.I. had to plan and start the new Avilès steelworks, which is expected to raise Spanish production from 1 to 2 million tons.

3. Criteria for the Allocation of Investment Resources

It was seen in the preceding section that all southern European countries have applied special policies for the promotion of industry, although the scope of such policies has varied widely from one country to the other. Implicitly or explicitly, the need for some kind of public guidance of investment is thus accepted in all these countries.

There are at least three important reasons why this should be so ; that is, why the maximizing of private profits is unlikely to lead to the allocation of investment resources which is most desirable from the point of view of the community. First, the existence of surplus manpower on a large scale means that the social cost of employing labour is very much lower than the current wage with which the private investor has to reckon. Hence, there is an inherent tendency to economize in labour more than is warranted. Secondly, the external economies to be gained from a particular investment—i.e., the advantages accruing to other undertakings or to the community at large—do not appear in the investor's calculus of costs and receipts. These external economies may vary widely from one industry to another, and they are likely to vary also according to the region in which the industry is to be set up. Thirdly, the balance-of-payments position of the southern European countries is intrinsically weak and, from the community's point of view, the effects, both direct and indirect, of particular investments in saving imports or increasing exports may therefore deserve to be reckoned at a premium.

If, thus, the maximizing of private profit provides poor guidance for investment, particularly in less-developed economies, the question arises : what should be the criteria for the choice of industries to be promoted by Government policies? In the most general form, the answer is that, capital being the factor in short supply,[1] those investment projects should be preferred which promise, over their whole life, to give maximum net social returns per unit of capital invested. This criterion, if rightly interpreted, brings the external economies into the calculus and reckons labour at its social rather than its private cost. Another principle, often invoked, is that of choosing investment projects which promise to exert the most favourable effect on the balance of payments.

On closer study, the two criteria—that of economizing capital and that of strengthening the balance of payments—must, however, lead to identical results,[2] and the analysis can be centred around either the one or the other.

Although it is easy to lay down the broad principles for the choice of investments, their application in practice is of course extremely difficult and, at best, only rules of thumb can be established.[3] Since the return per unit of capital to consider is that accruing over the whole lifetime of the investment, a system of social time-discounting is involved which may well diverge from that ruling in the market. Moreover, the external economies accompanying alternative investments can be compared only roughly. Third, estimation of the balance-of-payments effects is blurred by uncertainties about the future development of export markets or of prices of imports for which substitute production is contemplated.[4]

It has been seen in earlier chapters that, in cases where southern European Governments intervened most energetically to give high priority to particular investment projects, the import saving or export promoting aspect was most often the main consideration. The Greek development plan is marked by its heavy concentration on certain export lines (alumina, ferro-nickel) in which it appears that surprisingly profitable possibilities still remain unexploited. But, generally speaking, the chances for southern European countries are more likely to arise in the field of import substitution because, by the very fact of being retarded economies, they are in a weak position for competing in foreign markets for industrial goods. In fact, the industrial policy of Turkey, Portugal and Spain has been characterized by efforts to promote essential import-saving industries.

Examples where external economies are especially significant for southern Europe are those of sugar, extraction of oil from seeds, and milk and meat processing, all of which are likely to give opportunities for highly rewarding developments in agricultural production. Another, even more obvious, example of an industry having widely diffused effects is that of electricity. It is so obvious, indeed, that, in contrast with the industries just mentioned, it has come to be regarded as a direct responsibility of the State throughout southern Europe. In a somewhat different sense, the starting of some engineering industries in an industrially retarded country or region may have tremendous importance for the spread of knowledge of modern techniques on which the development of an industrial climate so largely depends, and, once nuclei of engineering production have started, opportunities for further industrial initiatives are bound to be much enhanced.

It should be remembered, however, that economic development must, in the longer run, be an all-round process in which all broad branches of activity are represented, so that they provide external economies for one another. Therefore, the application of the principles discussed above can only exceptionally lead to drastic conclusions, such as the establishment of rigid priorities between broad sectors of industries and the rejection of certain sectors.

The principle of choosing investments which give maximum return per unit of capital has a further practical application when the question to answer is not whether to invest in one industry rather than another, but to decide which technique should be chosen for a given industry. As has already been pointed out, relative factor prices do not adequately reflect relative factor scarcities.[1] Hence, in industries where a choice between different levels of technique is possible there is a tendency for the private investor to prefer too capital-intensive methods.[2] The textile industries and the steel industry seem to provide examples where less automatic—i.e., more labour-intensive—methods than those used in highly industrialized countries might be considered. A further example, outside the field of industry, is the choice between road construction with the use of bull-dozers and other modern equipment or with simpler methods. It goes without saying, however, that there are rather narrow limits to the application of this principle when it involves the rejection of the most modern techniques.[3] If carried beyond a certain point it may become a hindrance to the diffusion of the standards of efficiency and of technical knowledge which is necessary for industrial growth.

---

[1] This neglects the complications arising from particular bottlenecks in entrepreneurship and technical skill.

[2] The capital cost of a project should, ideally, be reckoned net of the additional saving which may be called forth by the multiplier effect of the expansion, since capital is short only to the extent that increased investment is not matched by an increase in saving. Furthermore, if a project is liable to increase exports, or to save imports which are otherwise not easily compressible, the capacity to import other necessary goods is thereby enhanced and the bottleneck of capital shortage is to that extent alleviated.

The fact that the two criteria of capital-saving and of balance-of-payments effects are thus, in the last analysis, identical does not mean, of course, that they would not have to be dealt with separately in any attempts to establish priorities on empirical grounds.

Sometimes the reasoning is that, labour being in abundant supply, labour-intensive projects should be preferred. If reasonably interpreted, this is identical with the principle of capital-saving, but it may easily lead to misunderstanding. The choice of relatively labour-intensive projects is rational up to the point where the net increment of output per unit of capital invested is maximized. Beyond that point it becomes a policy of employment for the sake of employment and at the expense of maximum national income. Cf. the discussion of mechanization in agriculture under conditions of surplus manpower, Chapter 12, page 163.

[3] See, however, an interesting attempt to establish empirical orders of priorities for investment projects in some southern European countries: Hollis B. Chenery, "The Application of Investment Criteria", *The Quarterly Journal of Economics*, February 1953, page 76.

[4] Moreover, other than strictly economic considerations may counsel a regional distribution of investment different from that which promises to give the highest return per unit of capital. See Chapter 15, section 2.

The various policy instruments actually used by southern European countries for the selective promotion of industry were described in the preceding section. With regard to the particular problem of the level of technique to be chosen in any industry, two particular features of taxation and credit policy deserve to be mentioned. It will be seen in the following chapter that the southern European Governments rely heavily on taxes falling on labour costs (including indirect taxes which raise wage levels) and make little use of taxes on profits. Clearly, this system of taxation puts an undesirable premium on labour-saving investments—i.e., it further widens the gap between labour costs as seen by the entrepreneur and labour costs as seen from the point of view of the community. Likewise, the imperfections of credit systems tend to favour capital-intensive investments. Since capital markets are undeveloped or non-existent, smaller firms have very difficult access to credit, while bigger firms can either rely on self-financing or have access to relatively cheap credits from banks and Governments. Thus, the scarce investment resources are available primarily to the bigger establishments whose investments, by and large, are likely to be of a more labour-saving kind than those of smaller firms.

It must finally be stressed that, in the particular case of southern Italy, the choice of a lower technique than that applied in highly industrialized countries can do little or nothing to mitigate the shortage of capital. For such a choice presupposes that the ensuing difference in efficiency, in a given industry, between local and outside enterprises can be offset, either by tariffs or by differences in money wages. The south Italian development problem, however, must be thought of as an integral part of the all-Italian industrial system. Industrial wages are bound, in the longer run, to level off throughout Italy, and with equal labour costs, and assuming that the cost of capital is equal in the two parts of the country, the south Italian industries will need to be up to the technical level prevailing in the northern part of the country.

---

[1] For social reasons, the relative factor prices could hardly be made to reflect adequately the relative factor scarcities: the actual social costs of providing jobs to the unemployed may be next to nothing, but in fact their wages are bound to correspond more or less to those of the already employed.

[2] This applies also to decisions as to when equipment is to be considered obsolete and to decisions about the most economical degree of utilization of existing capacity.

[3] This, of course, is not always involved. There are important instances of modern technique which are capital-saving rather than labour-saving.

C. SOME KEY PROBLEMS OF ECONOMIC DEVELOPMENT IN SOUTHERN EUROPE

Chapter 15

INTERNAL ASPECTS

The earlier discussions of development problems in each of the southern European countries have shown wide differences in the natural resources available for economic progress, in the legacies of history and in types of economic policies. In particular, the problems of Yugoslavia differ from those of other countries by the fact that a social and political revolution took place after the war, while southern Italy stands out as presenting a problem *sui generis*, since it is part of a country the other half of which is highly industrialized.

In spite of all these differences, the preceding chapters have been concerned, almost monotonously, with problems of agricultural underemployment, lack of external balance, inflationary pressures, and highly unequal distribution of income. In an important sense, all of these troubles are only so many guises in which the crucial problem of capital shortage appears. The surplus manpower amassed in agriculture and in other branches can find no useful occupation because of the lack of capital, while attempts to increase spending beyond the amount of saving forthcoming exert an upward pressure on imports and the price level. Given the relative poverty of the countries, and the absence of severe Government policies of " austerity ", a very unequal distribution of income has to serve as the mechanism by which even a small amount of saving is secured; but the social pattern thereby produced or perpetuated threatens in its turn to prevent the establishment of the minimum of social coherence which, in modern times, is essential if policies of economic development are to succeed.

Another, and more comforting, generalization suggested by the preceding chapters is that the natural conditions themselves of southern Europe provide considerable scope for policies of economic development. It is true that the Mediterranean region presents some unfavourable features of physical geography in comparison with western Europe, but such comparisons are less relevant than the fact that the existing natural resources are far from being fully utilized. Hence, the question is essentially one of overcoming the obstacles of a social nature—in the widest sense of the word—which stand in the way of a fuller utilization of existing natural and human resources. In the following discussion, which is necessarily highly selective, the questions to be dealt with have been arranged under two main headings, the internal and the external aspects, although it is evident that the two are closely interconnected.

Among the problems relating to internal policies and singled out for discussion in this chapter are, first, those involved in achieving a balanced progress as between agriculture and industry and as between different regions within the countries considered, and second, the problem of increasing the amount of savings available for development purposes, either by the transfer from less urgent kinds of investment or by a net increase in the rate of saving.

1. The Balance between Industry and Agriculture

Except in countries already enjoying high standards of living, economic development always implies increasing the degree of industrialization. In countries such as those of southern Europe, where a large share of the agricultural population is really unproductive, the necessity for a large transfer of manpower to industry is especially evident. But the general aim of industrialization does not necessarily imply that, at the present stage, agricultural investments should have a lower priority.

The picture emerging from the description of the economic structure in each of the southern European countries is one not only of insufficiently developed (and partly depressed) industries, but also of an agriculture lagging far behind the standards reached in western Europe or in overseas countries of recent settlement. The two phenomena are, of course, only different facets of the same problem : poverty in the countryside restricts the market for industrial goods, and lack of progress in urban areas is a deterrent to progress in agriculture. Meanwhile, the increasing human congestion in the countryside is not only a hindrance to progress but often leads to wasteful forms of land utilization.

There may be situations in which the deadlock can be broken only by a one-sided concentration on industrial development. In a community which has not yet had even the slightest acquaintance with modern industrial methods, the injection of a spirit of progress in agriculture may be impossible before at least a few industrial nuclei have been created. The best way to progress rapidly may then be to promote industry by all available means, for a time, while giving a lower priority to agricultural investments. Such may have been the position of Turkey in the period after the foundation of the Republic, when the most pressing task was to bring the country out of the lethargy of centuries. But at present, none of the countries of southern Europe is at such a stage.

Experience in recent years has frequently demonstrated the danger that attempts to expand industry may be blocked by a failure to increase food supplies at the rate required by the expansion of urban incomes. In Yugoslavia, the failure of agricultural production to provide adequate surpluses in good years to offset the shortfalls of drought years has been a major element in the difficulties encountered in the industrial sector. In Spain, the lagging behind of agriculture has been partly due to unfavourable weather conditions, but no less to technical regression, and the effects on the foreign balance there, too, have been severe. In Italy and Greece, the fear of a bottleneck in the supply of consumer goods and food, and hence of an excessive import drain, is often given as a main reason for cautious monetary policies which leave idle large amounts of industrial manpower and capacity.

The failure of supply to increase, in the short run, in response to increased demand is particularly pronounced for most livestock products, and this is precisely the field where demand is likely to rise most sharply with rising income. Estimates of the income elasticity of demand for animal food—although subject to considerable error—suggest a figure of about 0.4 as typical for the high-income countries of western Europe. For countries at the much lower levels of *per capita* national income prevailing in southern Europe, it seems reasonable to think that the elasticity may be around 0.7 to 0.8 or even higher. Thus, for each 10 per cent all-round increase in money incomes, demand for livestock products could be expected to increase by 7 to 8 per cent. If, however, the increase in money income were concentrated on the lower-income groups, the relative increase in demand for animal food would be higher, probably exceeding 10 per cent.[1]

Of course, the ideal solution to this problem—and in fact the only true solution in the long run—would be to transfer the surplus labour from agriculture and, at the same time, to increase the saleable surplus of food to feed the previously under-employed people now engaged in useful work outside agriculture. But this can be hoped for only in the very long run. Even on optimistic assumptions as to the amount of capital available from internal and external sources, a very small part of the labour surplus can be absorbed within a few years. Moreover, apart from particular areas of highly intensive market production, the saleable surplus does not come from the overcrowded small-scale farms, but from the less labour-intensive large-scale farms. The reduction of the density of population in agriculture would therefore tend to raise *per capita* consumption among the remaining agricultural population rather than increase the marketable surplus.

While the way to a rational agriculture is necessarily long because of present conditions of overcrowding, there is nevertheless considerable scope for improvement in the short run through higher yields. The chapter on agriculture stressed that, in all the southern European countries, yields can be increased, sometimes spectacularly, by irrigation and increased use of fertilizer and improved seeds. In particular, total output could be substantially increased by a transition to more intensive methods of crop rotation.[2] These possibilities, if realized, would provide the additional fodder needed for an expansion in livestock production, which is the main road leading from subsistence farming to a higher degree of economic integration between town and countryside.

Role of Public Policy

There may appear to be a contradiction between insisting on the inelasticity of the supply of food and at the same time stressing that considerable possibilities of expanded agricultural production exist. But the main thing to note is that the improvements in agricultural methods are unlikely to come about solely by market forces, as an effect of growing demand from the towns.[3] More positive official policies would seem to be indispensable to call forth a significant expansion of agricultural production.

---

[1] According to provisional information on the results of an inquiry into family budgets of workers employed by the *Cassa per il Mezzogiorno* in southern Italy, it would seem that the income elasticity for this category of consumers can be put at about 2 for meat, more than 1 for milk and 1 for clothing. See *Mondo Economico*, 12 December 1953, page 8.

[2] Turkey presents a special case, since it has already been able to increase output by expanding the sown area in recent years, and has further large possibilities for doing so.

[3] This ignores the particular problems of the main export products—wine, tobacco, fruit and vegetables—for which foreign demand is the necessary, and generally sufficient, condition of further expansion of output.

The forms of such intervention will have to vary with the particular technical problems and with the characteristics of the agrarian structure. Only to a minor extent can an improvement in agriculture be achieved by fiscal incentives alone. There may be some possibilities, especially in Spain and southern Portugal, of inducing owners of *latifundia* to adopt more intensive methods of cultivation by increasing land taxes—or by the threat of expropriation. But apart from this, agricultural progress requires specific public measures for higher productivity.

As regards larger irrigation and drainage schemes, it is obvious that an effort by public authorities is needed, and even so, these and other amelioration works take a long time to mature. But public initiative is no less necessary over the whole range of improvements in farming methods. For, though the peasants of the Mediterranean countries have a profound knowledge of the land they work, their initiative has been sapped by the long neglect of agriculture. With the low educational standards prevailing, it is even more true of southern Europe than of other areas that the improvement of farming methods will have to be furthered by a greatly increased network of advisory services, but this alone would scarcely turn the tide. The backwardness of the Mediterranean peasant's methods of farming is more an effect than a cause of his poverty. If the lesson is really to be learnt, educational services will have to be combined with more direct forms of financial assistance, such as the provision of very cheap fertilizer.

One more essential condition needs to be stressed again. Just as a policy of industrialization is in danger of being frustrated at some point, unless supported by a growing market provided by a higher real income in agriculture, so agricultural progress is impossible unless—in addition to technical and financial help—the peasant is given the incentive of a growing demand for his products. Agriculture and industry can either progress or stagnate together.

While it is safe to say that public investments for raising productivity in agriculture have generally tended to be smaller than is warranted, data are not available which would allow more quantitative precision for each particular country in the region. The preceding chapters have shown, however, that the share of investments devoted to agriculture in Turkey and southern Italy is now considerably higher than before the war.

2. Regional Contrasts

The lagging behind of agriculture and its insufficient integration with the urban economy are only one part of a larger problem—namely, that of the sharp contrasts between levels of income in different parts of one and the same country. The contrast found between the industrialized, urbanized countries of north-western Europe on the one hand, and the poorer southern European countries on the other, is reproduced on a smaller scale within each of the southern countries. The most striking examples of this are the gaps between levels of income in northern and southern Italy, and between those in the different regions in Yugoslavia, but, as pointed out in the preceding chapters, similar differences are found in all the other countries.

This seems, in fact, to be a characteristic feature of the southern European countries. Differences in economic levels exist also within other European countries, of course, but they are usually less pronounced, and during recent decades the differences in income levels have diminished both as between geographical areas and as between urban and rural districts.

The regional discrepancies in southern European countries are, it is true, to some extent due to geographical factors, to the political history of the country, or to circumstances which, from to-day's point of view, may be regarded as historical accidents. However, once economic development has, for whatever reason, concentrated in certain regions, strong economic factors work to perpetuate or even sharpen the contrast. Again, southern Italy is the classical example. Other characteristic cases are those of Greece, where industry is overwhelmingly concentrated—and continues to concentrate—in the Athens-Piræus area, Spain with the industrial concentrations of Barcelona and Bilbao, and Portugal with those of Lisbon and Oporto. Far from any automatic adjustment by a flow of capital and entrepreneurship to the regions where they are scarce, the opposite flow is likely to take place. Because of the lack of " external economies ", the regions where capital is scarce are also those where its productivity—as seen in the partial perspective of the private investor—is smallest.

The equalization of levels of income as between regions within any given country must thus be part and parcel of any coherent plan for national economic development. In particular, the development of agriculture and its economic integration with the urban sectors are hampered if the industrial nuclei are not spread throughout the country.

In Yugoslavia, this need has been fully recognized, and economic assistance to the least developed regions is an important feature of post-war planning. In Italy too, behind the establishment of the *Cassa per il Mezzogiorno* lies the recognition of the fact that the South would fall still further behind in the absence of discriminatory Government policies in favour of it. In Greece, some palliative measures have been introduced with a view to discouraging further concentration in and around the capital, but they have had little effect. The programme of electrification recently started may, in the long run, prove to be a much more important factor making for decentralization. Other southern European countries appear to have paid less attention so far to the regional aspects.

It might be thought that the problem of reducing regional inequalities in factor proportions is merely one of concentrating investments in the places where the return per unit of capital (considering also the external economies) is highest. But it is not as simple as that. The distinction is not only between regions with surplus population and regions with a more ample supply of capital. There may be regions which, though depressed, are relatively well endowed with potential natural resources in relation to the density of population.[1] These regions which are " under-developed " rather than " over-populated "[2] would of course appear as particularly attractive fields for public spending, since they may, by an appropriate concentration of investments, provide employment even for an increasing population. But then the regions which are really poor in natural resources and rich in population run the risk of being passed over. Given the immobility of labour —or the cost of moving it—there is a danger in a too mechanical application of the rule that industrial development should be concentrated in those fields where, on a strict calculation of internal and external economies, the increment of income per unit of capital appears to be highest. In modern times, Governments cannot afford to allow the push of misery to be the agent of a slow reduction of population in depressed and unpromising areas.

Thus, in planning the regional distribution of investments for development, an element of social policy necessarily enters.[3] Add to this the imponderable considerations of an historical or national character, and it will be seen that a highly complex choice is involved, where technical and economic expertness can provide only some elements of the answer. Though a narrow economic calculus might show that it would be less expensive for the community to incur the full cost of removing the population from a given area and give a handsome pension to those in need, rather than to make the investments necessary for providing a decent standard of living in the area itself, other considerations are likely to rule out such a solution.[4]

Ways to Reduce Disparities

The measures adopted for equalizing income levels as between regions within southern European countries have been of three main types : first, discriminatory measures intended to reduce the costs for private investors ; second, direct Government or Government-sponsored investments in basic facilities—transport, power, land improvement, etc. in the less developed areas ; and, third, political and administrative measures to strengthen initiative and independence at the local government level, provincial or communal. Measures of the first kind have been applied mainly in Greece and Italy. These include tax exemptions or reductions, reduced transport and power rates, cheap Government or bank credits, preferential treatment in consideration of tenders for Government purchases and, in the case of Sicily, regional exemptions from customs duties on agricultural implements. All of these measures aim at making at least a part of the external economies created by private investments appear in the private investor's cost calculus. In general, however, they have failed to produce any marked effect, at least where they were not accompanied by more direct Government intervention to create public utilities and social capital. This may be partly due to the fact that such discriminatory measures were often introduced in an unsystematic way, as a number of minor concessions, rather than as an integrated programme of modifying the cost structure in favour of the backward areas.[1] For instance, in Greece, the attraction of the industrial centre in Attica is so powerful that even a major difference in interest rates could not be expected to induce the establishment of industries in other regions, especially as long as very marked differences in the cost of electric power, and in the regularity of its supply, continue to exist.

---

[1] Examples of such regions are Sardinia or, in Turkey, the sparsely populated, but fertile region of Muç in the far eastern part of the country.

[2] For discussion of the distinction between " under-developed " and " over-populated " regions (countries), see P. Saraceno, *Lo Sviluppo Economico dei Paesi Sovrapopolati*, Universale Studium, Rome, 1951, especially page 28.

[3] This is perhaps not to be regretted even from the point of view of a strictly economic calculus, since there probably is a general tendency to under-estimate the potential natural resources of under-developed areas. As late as the middle of the 19th century, the larger part of the United States of America was commonly believed to be a desert unfit for cultivation and unlikely ever to be occupied.

[4] The development problem of the northernmost part of Norway would appear to resemble this hypothetical case.

Among the public investments calculated to promote the development of backward regions, road construction is of prime importance. Especially in Turkey, Yugoslavia and Spain, a drastic improvement of the system of highways is indicated. But while in Spain the need is to bring the road system up to a standard corresponding to the existing productive capacity, thus removing a serious bottleneck to production, in Yugoslavia and Turkey road construction is a means of opening up regions which have hitherto been left dormant, largely cut off from economic interchange with the more developed parts of the countries. Remarkable results in creating new centres of economic activity have recently been achieved in Turkey, where the rise of such new industrial nuclei as Konya, Eskişehir and Adana has been the joint result of agricultural development in the surrounding areas and of the large road construction programme initiated in 1948/49.

Attempts to distribute public spending and tax burdens in such a way as to influence the regional pattern of development can, of course, be made only by central governments. Given a consciously discriminatory policy at the centre, so that backward regions are not starved of funds, it may well be that the devolution of some powers and responsibilities to purely regional authorities will result in a quickening of development. The advantages of having a regional government capable of making the fullest use of local political, entrepreneurial and administrative talents seem likely to outweigh the disadvantages which may sometimes result from concentration on schemes which satisfy only local ambition. In Yugoslavia, the recent strengthening of local initiative has undoubtedly brought social and economic advantages. In the Italian case too, the granting of some autonomy to particular regions, among them Sicily and Sardinia, has had favourable economic results.

Even more important is the fostering of interest and participation in economic progress at the village level of local government. In several of the southern European countries there is undoubtedly an alienation of the rural population from the political centre which shows itself in a lack of interest in public affairs or even in open mistrust.[2] There may be scope for far more assistance—technical and financial—to local governments as a means of giving popular support to agricultural improvements and, where this appears to be feasible, to some lines of rural industry. In Greece, some attempts have been made in this direction through community development schemes. In Turkey this has hardly begun, but the difficulties should not be under-estimated in a country with 35,000 villages spread over a vast territory.

---

[1] Essentially, the purpose would be to create by other means sheltered cost structures analogous to those created by customs barriers between States.

[2] *Christ stopped at Eboli*, by Carlo Levi, gives a realistic description of the deep-rooted distrust of everything emanating from the State shown by the inhabitants of a poor rural community in southern Italy.

3. The Internal Supply of Saving

In the chapters dealing with particular countries it has frequently been stressed that great amounts of investment are needed if the southern European countries are to be able, within a foreseeable future, to catch up with income levels in western Europe, or at least to reduce the gap existing at present. No quantitative precision can be given to this statement. Even if statistical data for past trends were much more abundant than they are, the uncertainties about future trends would be sufficient to invalidate any estimates. It may nevertheless be useful to indicate for purely illustrative purposes, the rate of investment needed under certain assumptions, which are believed to be realistic although arbitrarily chosen.

Available national income data suggest that the present level of income in southern Europe amounts, typically, to some 40 per cent of the western European average (for which France may be regarded as representative). Taking an optimistic view of the possibilities for accelerated economic development in southern Europe, one might ask, for instance, what would be the approximate rate of net investment required for reducing the relative gap by one-half in the course of the next thirty years.

On the assumption that real national income per head will increase steadily at the modest rate of 1½ per cent annually in western Europe, the target just mentioned would imply an annual increase of 3½ per cent in real national income per head in southern Europe.[3] It is not possible to say with any degree of precision what rate of investment would be necessary in order to sustain such a rate of increase in income per head, since no reliable forecast can be made of the ratio between additions to capital and the accompanying increments in income, a ratio which depends not only on technical progress but also on the rate of utilization of capacity. According to different hypotheses within the range of what seems to be possible, the rate of *net* investment required might be anything between 10 and 15 per cent of national income.[1] Even the lower of these figures, which is based on rather optimistic premises, is high in comparison with the rate of net saving ordinarily achieved in the countries of southern Europe (Yugoslavia apart)[2] and, indeed, it is high also in relation to the rate of saving achieved in several western European countries. On the most favourable of assumptions, only a small part of the investment requirements could be expected to be covered by foreign capital and it is clear, therefore, that a major effort of strengthening internal savings would have to be made in order to achieve the target mentioned above.

---

[3] Assuming annual increases in real income per head of 1½ per cent in western and of 3½ per cent in southern Europe, twenty-nine years would be required to raise the income level in southern Europe from 40 to 70 per cent of the western European level, thus reducing the relative gap by one-half.

Ways to Increase Saving

It is of course true, as has often been pointed out, that surplus manpower in agriculture[3] represents a reserve of unutilized savings, in the sense that the rate of investment can be raised without the necessity for lowering *per capita* consumption for the community as a whole. If people hitherto redundant in agriculture could be engaged on investment work without being given the opportunity for higher consumption than hitherto, this would mean an increase in total real income and investment with (for the time being) no change in the output of, and demand for, consumer goods.

There are some examples of attempts in recent years in southern European countries to organize an additional investment effort in this way. In Yugoslavia, in the years just after the war, much work on highways, railway and house construction was organized on a voluntary basis. In Greece, attempts have been made, in the framework of community development schemes, to organize the voluntary and collective building of village roads, an essential precondition for the marketing of products.

There may be some scope for this method of " financing " investment in periods when popular support for a policy of economic development is strong, but, even so, it can be of only marginal importance. When people are transferred to urban occupations, or even to ordinary public works in the countryside, it is not generally possible to avoid an increase in their consumption standards, and, in addition, the remaining agricultural population may, with unchanged output, seize the opportunity to raise their own food consumption rather than the amount of food marketed.

Thus, although it may be true that *average* consumption need not decline, an increase in the rate of investment, if it is not financed from abroad, almost inevitably means that *some* people will have to reduce their consumption. To bring about this shift in the distribution of consumption is the essential problem in financing economic development. There are four main ways of exerting this pressure on consumption: by the shift in income distribution brought about by inflation, by direct controls on consumption, by increased voluntary saving out of given incomes, and, finally, by increased public saving brought about by more efficient taxation.

The first way, that of letting inflation run its course, is undoubtedly the easiest, and, apart from Portugal, all of the southern European countries have had recent experience in this. Quite apart from its unfortunate social implications, inflation may be a self-defeating weapon for economic development, at least when carried beyond a certain modest degree. One of the characteristic difficulties for the southern European countries is that not only are total savings small, but there is also an ever-present tendency for them to be channelled into unproductive lines of investment (in luxury buildings, in excessive commodity stocks and in gold hoards or other forms of flight capital). This tendency is obviously very much increased by inflation, or fear of inflation, and, to the extent that inflation does give a fillip to productive investment, this is likely to be primarily in lines which promise easy and quick profits rather than in those which widen the industrial base on which future expansion can be built.

---

[1] The expected annual increase of population in southern Europe may be put at ¾ per cent, typically. Let it be assumed, somewhat arbitrarily, that the capital/income ratio is at least 3 and at most 4—i.e., that a certain increase in income requires investments three to four times as great. Then, a rate of net investment of from 2 to 3 per cent of national income is required in order to match the population increase alone. As to the possibility of increasing income per head, it may perhaps be assumed that an annual increase of 1 per cent would come about solely as a result of increased productivity, without new investment. The remaining 2½ per cent increase would then require investments of 7½ to 10 per cent, respectively, of national income, according to the assumption made as to the capital/income ratio. Including the investment needed for demographic reasons, the total requirements of net investment would be 10 to 13 per cent of national income.

[2] For instance, in the two years 1952 and 1953 the average rate of gross investment in Greece was 15 per cent. This may imply a rate of net investment of some 9 per cent. However, the import surplus of goods and services amounted to 7 per cent of the gross national product, and the rate of net domestic savings would thus appear to have amounted to only some 2 per cent. In Chapter 11, a vague estimate was mentioned according to which net investment in Portugal is around 6 per cent of national income.

[3] Here taken as the number of people that can be removed from agriculture without reducing output, given existing techniques.

The method of compressing consumption through rationing or other methods of physical controls is applicable in southern European countries only within narrow limits. The main reason for this is the fact that such a large part of the population is engaged in agriculture, and, in some of the countries, even in subsistence farming. Under these conditions it is extremely difficult to effect, through rationing, an equitable distribution of scarce food supplies as between towns and countryside. This is the more true since, in the case of excessive demand, the pressure is likely to be concentrated on livestock products for which it is particularly difficult to administer controls over production, consumption and prices. For this reason, again, it is obviously important to foster the development of more intensive agriculture. If this main bottleneck can be satisfactorily dealt with, it should be less difficult, administratively and politically, to expand demand even if the expansion should have to be accompanied by some direct restrictions on other forms of consumption or investment, especially of imported goods.

The strengthening of voluntary savings out of private incomes also meets with great difficulties in the countries of southern Europe. Inflationary experiences in some of the countries, notably Greece, have discouraged saving in the form of money claims. Thus, the saving that is being done by private individuals is largely for investment by the same person, and this direct linking of the acts of saving and investment is likely to lead to a less than optimum distribution of investment, especially through the excessive building-up of " consumer capital " such as private dwellings of a more or less luxury character.

In Turkey and Greece, for instance, capital markets, from which industry could be supplied with long-term capital, hardly exist. Even more than in western Europe, the trend therefore is for industry to be expanded through self-financing, a method which, again, is hardly likely to lead to an ideal distribution of investment resources.

In some of the southern European countries there may be scope for stimulating saving by private individuals by an extension of the network of monetary institutions, especially postal savings banks, so as to reach the farming population. The recent agricultural boom in Turkey has given rise to the establishment of banking institutions in many rural communities. But, obviously, the net addition to savings to be achieved by these methods is very limited. Another possibility is to organize co-operative building societies and similar institutions to promote saving among workers, but in most of the southern European countries workers' living standards are too low to leave much of a margin even for saving for a particular purpose.

If voluntary savings offer little prospects of increase and inflationary methods of financing are undesirable, an increase of public saving appears to be the only remaining possibility. A very considerable reserve is, of course, available in the large amounts devoted to military expenditure, which in most of the countries concerned equal 4 or 5, in Greece 8 per cent, and in Yugoslavia around 20 per cent of the gross national product. Failing a significant reduction of defence expenditure, far more efficient taxation policies than those actually pursued are necessary if internal resources for development are really to be mobilized. Higher rates of taxation are all the more necessary as economic development is bound to require as well an increase in the rate of current civilian government expenditure, to provide not merely a larger and more efficient civil service, but also for an expansion of education and health services, which are at least as important for future productivity as investments in physical assets.

4. The Need for More Efficient Tax Systems

The need for higher tax revenue to finance capital formation in southern European countries arises not only from the limited scope for increasing over-all saving by other methods. In addition, there is a need for channelling an increasing share of the savings available to those fields of investment which have a high priority from the point of view of economic development. The discussion in previous chapters has stressed the requirements for basic investments in agriculture and mining, and also the necessity for regional development. Furthermore, it was mentioned that, at least in some of the countries considered, there is a tendency for private savings to be directed towards less essential investments. Everything points to the conclusion that a greatly increased amount of Government (or Government-sponsored) investments is necessary. As Governments have only very limited possibilities of financing public investments by borrowing, higher tax revenues will be required also for this purpose. It follows that, even though a tax may not be paid at the expense of consumption, it may serve a useful purpose, since, though it adds nothing to total savings, it may contribute to a better utilization of the available investment resources.

The relative magnitude of tax receipts in southern European countries is shown in Table 85. Four western European countries have been chosen for comparison : namely, the United Kingdom and the Netherlands, with a very high rate of taxation, and two countries, France and Belgium, where tax receipts are relatively small by western European standards.

Table 85

CENTRAL GOVERNMENT TAXES AS PERCENTAGE OF THE GROSS NATIONAL PRODUCT

Country	Total taxes		Of which : direct taxes [a]	
	1938	1952	1938	1952
Turkey	12.4 [b]	12.1	4.1 [b]	3.2
Greece	12.2	13.3 [c]	2.0	3.2 [c]
Italy	12.8	14.6	3.6	2.4
Spain [d]	13.8 [e]	8.9	5.3 [e]	4.1
Portugal	12.1	9.6	4.1	3.4
United Kingdom	16.2	27.6	7.8	15.5
Netherlands	13.5	26.5	6.3	16.6
Belgium	12.5	17.5 [f]	3.7	7.2 [f]
France	12.6	19.5	4.0	6.2

Sources : National financial statistics. Tax receipts in the fiscal years beginning in 1938 and 1952 have been related to the gross national product in those two calendar years.

[a] Direct taxes : General income and property taxes on persons, profit tax on corporations, taxes on specific types of income (scheduled taxes), taxes on real estate, death and gift duties.

[b] 1937/38.

[c] 1951/52.

[d] Percentages of national income. The national income estimates are somewhat uncertain, and the pre-war and post-war figures may not, therefore, be fully comparable.

[e] 1935.

[f] 1950.

The first thing to note is that the relatively low level of taxation in the southern European countries is of recent date. The first column in the table shows that, before the war, the total amount of taxes in relation to the gross national product was very similar in all the countries here considered. It amounted to 12 to 13 per cent except for the United Kingdom, where it was already at that time somewhat higher. In the post-war years, the picture has changed completely. In western Europe, the relative amount of taxation has increased drastically, while in southern Europe the increase is only a marginal one. In Spain and Portugal there would even seem to have been a decline in the share of taxes in national income, but these figures are somewhat uncertain.

The contrast is no less striking for direct taxation taken separately. Before the war, direct taxes in the southern European countries made up, typically, about 4 per cent of the gross national product. This was about the same share as in France and Belgium (where the principles of income taxation were also similar to those applied in southern Europe), but considerably less than in the United Kingdom or the Netherlands. Since then the relative weight of direct taxation has doubled in several western European countries, while in southern Europe it has even declined.

To point out the fact that the marked difference in tax policies between southern and western European countries is of relatively recent date does not, of course, mean that the southern countries could, or should, have followed the very steep rise in taxation levels which has occurred in other countries, but it does at least provide some reason to believe that the southern European countries are far from having reached the limit of taxable capacity.

It is undoubtedly true that the economic structure of these countries offers serious obstacles to the development of progressive taxation of income. For one thing, a very large share of the population is in agriculture, where it is notoriously difficult to apply an income tax proper, while in industry and commerce small-scale enterprises prevail, with similar difficulties for the tax administration. Secondly, the very fact of low *per capita* income makes it difficult to increase the receipts from tax on personal income to such high proportions of national income as those found in the United Kingdom or Scandinavia. For this to happen it would be necessary, even if tax evasion in the higher income brackets were overcome, to reduce the minimum of taxable income to a level which would be unacceptable socially.

Ways to Increase Tax Receipts

To suggest the specific changes in the systems of taxation which are necessary would require a detailed study of the financial systems of each of the southern European countries. Here no attempt is made to go beyond setting out a few generalizations which seem likely to apply broadly to the countries of southern Europe as contrasted with those of north-western Europe.

First, it may be doubted whether, in the shorter run, the way to higher tax receipts is through an emulation of the tax systems developed in north-western Europe

Table 86

DISTRIBUTION OF CENTRAL GOVERNMENT TAXES BY MAIN CATEGORIES

Percentages

Country and period	Personal taxes on total income and property	Profit tax on corporations	Taxes on specific types of income (scheduled taxes)	Other direct taxes (including taxes on real estate)	Indirect taxes	Total
Turkey 1952/53	26.2				73.8	100
Greece 1951/52	0.9	5.6	15.4	2.6	75.5	100
Italy 1952/53	1.9	.. [a]	12.6	1.6	83.9	100
Spain 1952	1.6	.. [a]	30.8	14.3	53.3	100
Portugal 1952	5.4	2.7 [b]	13.9	13.8	64.2	100
United Kingdom . 1952/53	52.5		—	3.6	43.9	100
Netherlands . . . 1952	38.6	19.6	2.5	1.9	37.4	100
Belgium 1952	3.7	.. [a]	37.8	2.0	56.5	100
France 1952	13.0	9.3	8.6	1.0	68.1	100

Sources : National financial statistics.

[a] Included under taxes on specific types of income.

[b] Partly estimated.

with their great emphasis on the taxation of total personal income. It is easy to point out the theoretical advantages of such a tax over the more antiquated taxes on specific types and sources of income still prevalent in southern Europe, but these advantages are of little avail if the preconditions for a modern income tax are not present. These are a highly efficient tax administration and, even more, a certain development of accountancy in the private economy. It may be that, in the conditions typical of southern European countries, a modern tax on total income is practicable only if a rather high exemption limit is set, so that the tax becomes applicable only to a restricted number of really high incomes. In that case, the administrative problems of a strict control should not be insuperable.[1] In fact, most southern European countries have, in addition to the scheduled income taxes, a tax on total personal income (most often known as the " complementary tax ") with fairly high rates; but the revenue from it, and the number of taxpayers, is exceedingly small, suggesting a very high degree of tax evasion (Table 86).

To improve tax assessments by building up a more efficient tax administration is at best a long process. One measure can, however, be suggested which is likely to give some returns quickly—namely, publicity of income declarations or assessments, accompanied by more severe sanctions against tax evasion. But, in addition to the administrative improvements, it may be necessary also to change the methods of assessment so as to rely more on outward indices of a high level of wealth and consumption rather than trying to establish the true income. In particular, the dwelling-space occupied per head could become a more important criterion of taxable capacity, either in the form of a specific tax on dwelling-space occupied, or as a criterion for the estimation of total income, together with the number of domestic servants and automobiles. Italy has had a long and favourable experience of such a system in local taxation.

Land taxes and other taxes on real estate as such are now of very limited importance in southern Europe (with the exception of Portugal and Spain), as in most other European countries. It may be asked, however, whether increased reliance on such taxes would not, in some cases, be an appropriate method to utilize a reserve of taxable income in the hands of large-scale landowners and farmers. In some regions, increased taxes on land might, as already mentioned, have the additional advantage of giving an incentive to a better utilization of the land, especially if the tax is based on the potential income from the land, assuming a rational exploitation. In this connection it is also worth mentioning the taxation of the increment in the value of urban real estate arising from the opening up of new regions through improved transport facilities and other development schemes.[1] If the southern European countries, in developing their backward regions, were to tax heavily those capital gains representing the value of the external economies created by public investments, they would be acting more wisely than did the western European countries during their process of industrialization in the nineteenth century.

---

[1] The recent Turkish tax reform introduced a modern income tax for corporations and for persons in large-scale business and the professions. For those in small-scale industry and commerce, a tax based on outward indices of earning capacity was introduced. See " Changes in the Structure of Taxation in Europe ", *Economic Bulletin for Europe*, Vol. 2, No. 3.

Taxes on consumption cannot easily follow the pattern customary in north-western Europe, where taxes on tobacco and alcoholic drinks provide a large proportion of total revenue. In the southern European countries tobacco and wine are produced by thousands of small cultivators, who are naturally opposed to any increase in taxes on their products, and whose large number would make the administration of such taxes more difficult than in countries where the products are imported. On the other hand, tax rates could be greatly increased on the more conspicuous items of luxury consumption. The most important items are those which involve the use of foreign exchange, such as imported passenger cars, or scarce domestic resources, such as the wasteful use of existing dwellings.[2] It is, however, sometimes argued that luxury consumption consists largely of the lavish use of personal services and thus in the conditions of southern European countries does not make a call on scarce resources. But even if it were true that the taxation of luxury consumption would result in the dismissal of some domestic servants, the more important consideration is that the limitation of conspicuous consumption is a condition for popular support of the austerity in fiscal and wage policy, without which the rate of investment for economic development cannot be substantially increased.

But whatever may be the merits or demerits of particular taxes, it is certain that a considerable increase in total tax revenue can be achieved only by strengthening of the tax system over the whole front. In particular, programmes for expanded Government spending for development offer opportunities for a strengthening of the taxation of profits, since the income increase from public works is likely to benefit the higher income brackets considerably, and more than is often assumed.[3] An improvement of progressive direct taxation is not likely to be sufficient, but it is an essential precondition for making an increase over the whole field, including indirect taxes, politically possible.

* * *

Much of the foregoing discussion of methods of increasing the share of national income not spent on immediate consumption is irrelevant to the case of Yugoslavia. There, public saving is kept in check by the claims of defence on public revenues, but these revenues themselves can, for various reasons, be kept at a higher level than could be contemplated in the other countries of southern Europe. In the first place, in spite of the gradual evolution of Yugoslav planning away from the centralization—now thought excessive—of the years up to 1949, it is clear that the array of instruments which the State can deploy to keep saving at a high level is far wider than that at the disposal of Governments in countries where private entrepreneurship and private ownership of the means of production are, or are regarded as, the rule. Second, these instruments can be used with greater rigour, not only because of the absence of any organized opposition, but also, and perhaps even mainly, because the absence of big inequalities of income uncorrelated with inequalities of effort removes an important restraint on fiscal austerity.

The long-term danger in Yugoslavia is thus not of a shortage of funds for investment, but rather that the State will always be tempted to enforce collective saving at a rate which leaves individuals with too little incentive to greater effort. This is exactly the reverse of the situation in the other countries of southern Europe ; there some institutional pressures work in favour of an easy-going attitude towards taxation, whereas development can hardly come about at the rate which all want without fiscal policies far sterner than those hitherto pursued.

---

[1] However, rational land taxes and taxes on increment of value depend on good cadastres with revaluations at reasonable intervals.

[2] The construction of new luxury dwellings, a problem of some importance in Greece, Spain and Portugal, can probably be more effectively limited by direct restrictions.

[3] For instance, it has been estimated that a programme of public works in southern Italy, involving an initial Government spending of 114 billion lire, would give rise to an increase of income (in the whole of Italy) of 182 billion lire, of which 55 billions, or 30 per cent, would accrue to " professional and other upper classes ". See *Economic Effects of an Investment Programme in Southern Italy*. Published by Svimez, Rome, 1951, page 52, Chart 9.

Chapter 16

EXTERNAL ASPECTS

1. Under-employment and Emigration

Population Pressure

It has been repeatedly pointed out in the preceding chapters that the countries of southern Europe suffer from under-utilization of labour in the form of overcrowding in agriculture, hidden unemployment in trade and services or open unemployment of industrial workers. The rough estimates of the amount of agricultural under-employment mentioned in Chapter 5, considered in relation to the small size of the industrial sector, make it clear that the absorption of all available manpower into useful employment is a target which can be reached only over a considerable number of years, even if generous assumptions are made as to the range of measures which Governments are prepared to use.

This is not meant to say, it must be stressed, that the elusive and misused concept of " over-population " applies to the countries here considered. If this term is meant to describe a situation where the average standard of living would be higher if the population were reduced, it is questionable whether it would apply to the southern European countries except in a very short perspective. If, on the other hand, " over-population " is meant to imply that the natural resources are insufficient to provide useful employment for the present population, it is certainly not true generally for the countries here considered, where, as has been seen, the natural wealth is far from being fully utilized. In the last analysis, the problem of providing employment is, of course, one of social organization in the widest sense, including the ability and willingness of Governments to intervene in the functioning of the economy.

For the purpose of the following discussion, therefore, the fact is simply accepted that in some of the southern European countries a population pressure does exist and that, consequently, emigration is one of the remedies envisaged. There are, however, wide differences between the southern European countries with respect both to the actual degree of population pressure and to the interest shown in emigration. This can be illustrated by the following figures showing the amount of agricultural land[1] available per head of population :

	Hectares[a]
Turkey	1.00
Spain	0.90
Yugoslavia	0.60
Portugal	0.55
Greece	0.45
Southern Italy	0.45

[a] 1951 or nearest year.

According to this measurement, admittedly an extremely crude one, the density of population is not high in Turkey and Spain,[2] and from a dynamic point of view, assuming sustained efforts for development, both of them would appear to be under- rather than over-populated. In Turkey, emigration is not envisaged ; it is inconsistent with the national conceptions on which the Turkish Republic is built. Some emigration takes place from Spain, mainly to Latin America, but no active emigration policy is pursued by the Government.

Yugoslavia and Portugal appear to be in a middle position, according to the crude measure adopted above. There is, however, a marked difference in the present attitude to emigration. In the inter-war period, emigration was of some importance in both countries until it was almost completely stopped by the depression. The new regime in Yugoslavia, however, has the ambition of providing work for all of its employable population, while the flow of emigrants from Portugal to Brazil and other Latin American countries has continued to be substantial, and far more important than the flow of Portuguese citizens to the colonies in Africa. The Portuguese Government is keen to promote emigration, especially to the colonies.

Undoubtedly, southern Italy and Greece are the two areas in southern Europe where the pressure of population is greatest. Emigration is officially pro-

---

[1] Excluding areas of rough grazing.

[2] The figures give, maybe, a somewhat exaggerated impression of the advantage of Turkey and especially Spain over the other southern European countries, where the difficulties arising from aridity are less pronounced.

Table 87

EMIGRATION FROM SOUTHERN EUROPE

Annual averages in thousands

	1900–10	1924–28	1934–38	1949 — 1952					Annual increase in population of working age (15–60) 1949–52 *Thousands* [E]
				Total	of which to :				
					United States and Canada	Latin America	All other overseas countries	Europe	
ly									220 [E]
Non-seasonal :									
Gross [a]	603 [b] Europe 251 Overseas 352	255	65	196	23	97	20	56	..
Net [a]	Overseas 180 [c]	99	26	163	19	80	17	47	..
Seasonal	..	..	..	115	—	—	—	115	..
rtugal									45 [E]
To foreign countries :									
Gross	29	32 [d]	14 [e]	30	1	28	1	—	..
Net	..	15 [d]	7 [e]	26	—	25	1	—	..
To Portuguese colonies :									
Gross	2	..	6	20	..	..	..	..	..
Net	..	..	2	11	..	..	..	..	..
ain									140 [E]
Gross	113 [f]	56 [g]	12 [h]	57 [g]	—	57	—	..	..
Net	41 [f]	17 [g]	−18 [h]	45 [g]	—	46	—	..	..
reece									55 [E]
Gross	..	..	16 [i]	..	3 [k]	3 [k]		..	..
Net	..	..	—	10 [j]	..	..	..	..	..
ugoslavia									155 [E]
Gross	..	29 [l] Europe 13 Overseas 16	17 [m]	—	—	—	—	—	..
Net	..	Overseas 11 [l]	6 [m]	—	—	—	—	—	..

Sources : National statistics.

NOTE. — *E* = Average yearly increase in population of age 15–60 has been roughly estimated by applying to the total population increase the ratio of population 15–60 to total population as given by the latest census available.

[a] 1900 to 1938, including seasonal migration.
[b] 1901–10.
[c] 1902–10. No figure for Continental repatriation available.
[d] 1920–28.
[e] 1936–39.
[f] Passengers inward and outward by sea, all destinations.
[g] Trans-oceanic migration only.
[h] Trans-oceanic migration 1931-36.
[i] 1931–38.
[j] Estimate from *Annual Report from the Greek Government to O.E.E.C. 1952.*
[k] Partial data based on statistics for a few immigration countries.
[l] 1921–29.
[m] 1930–38.

moted in both countries. In Greece, however, the flow has so far been very modest since the war, probably no more than 10,000 a year or about one-fifth of the annual increase in the population of working age.[1] For the whole of Italy, emigration in recent years has amounted to over 150,000 persons annually, or about two-thirds of the increase in population of working age. Italian emigration has thereby risen to a level comparable to that of the first decade of the century (Table 87).

Disadvantages of Emigration

However, both in Greece and in Italy, opinions differ regarding the advisability of large-scale emigration as a means of combating under-employment. The reasons adduced in support of a sceptical attitude are, in fact, not without force.

To begin with, the way in which overseas emigration is most often organized nowadays almost inevitably favours the immigration country at the expense of the emigration country, often to such an extent that it appears to be doubtful whether, on balance, the latter has a net advantage at all.[1] The immigration country will normally control not only the number of immigrants but also their " quality " as regards skills, age, and other criteria. In the emigration country there is no possibility of matching this by a negative selection. On the contrary, it is normally the more intelligent and enterprising people who take the initiative to go abroad for a better future.

---

[1] At a Preliminary Conference on Migration held in Geneva in April–May 1950, the Greek Government announced the need for an annual emigration of some 30,000 persons.

Thus, emigration under present conditions consists overwhelmingly [2] of young people of the age when they begin to be productive. The home country has the full burden of bringing them up, and perhaps even of supporting them in old age, when they not seldom return to the mother-country, while the immigration country has the advantage of the immigrant's productive effort in the period of his life when he is likely to produce more than he consumes. In this form, emigration amounts in fact to an export of the capital invested in the emigrant. To this may be added that limitations are often imposed on the amount of remittances to the home country, and in some cases it is even made a condition that the emigrant or his Government provide the capital with which to establish the immigrant.[3]

These unfavourable aspects of emigration, as seen from the point of view of the economy of the country of departure, become the more disturbing when considered in conjunction with prospective trends in total population and its distribution by age. Table 88 shows rough forecasts for the over-all increase in population during the thirty years' period from 1950 to 1980. The hypothetical nature of the assumptions made need not be stressed, but, even though a very broad margin of error must be allowed for, the figures do point to the likelihood of a marked change in the demographic situation in southern Europe. If the trend indicated by the recent decline in birth rates becomes definitely established, it may, together with falling death rates, bring about a conspicuous decline in the share of the population in the most productive age-groups. This decline, it is true, cannot be expected for the first decade or so, but it may at least be asked whether countries wanting to accelerate their economic development can afford to speed up, through large-scale emigration, the hollowing out of the particularly productive age groups, thereby both increasing the economic burden of supporting the inactive population and depriving the economy of part of the enterprising spirit of the younger generation on which economic development so largely depends.

* * *

---

[1] The discussion here is in terms of the effects of emigration on the economy of the two countries concerned. It thus disregards the human sacrifice always involved in an emigration brought about by the push of poverty. It also circumvenes a delicate question of moral philosophy : how can it be demonstrated, in countries which are supposed to be " over-populated ", that it is precisely the unemployed part of the population which is redundant ?

[2] No statistics are available to give precision to this statement. For Italy it has been estimated that men of working age (15 to 64 years) make up around 70 per cent of the total number of emigrants. See *Atti della Commissione parlamentare di inchiesta sulla disoccupazione*, Vol. II, Tomo 3, Rome 1953, page 242.

[3] Such arrangements have been made with respect to Italian emigration to Brazil (1949) and Argentina (1952).

Table 88

HYPOTHETICAL CHANGES IN POPULATION IN SOUTHERN EUROPEAN COUNTRIES FROM 1950 TO 1980

Country	Total increase of population over periods of 30 years (*Percentages*)		Percentage share of age-group indicated in total population							
			Total of working age 15 – 59		Most productive group 15 – 39		Young 0 – 14		Old 60 –	
	1920 to 1950	1950 to 1980	1950	1980	1950	1980	1950	1980	1950	1980
	Actual (including migration)	Hypothetical (natural increase only)	Actual	Hypothetical	Actual	Hypothetical	Actual	Hypothetical	Actual	Hypothetical
Turkey	60[a]	..	55.8	..	39.3	..	38.0	..	6.2	..
Greece	58[a]	20	61.1	64	41.4	38	29.9	23	9.0	12
Yugoslavia	32	..	58.7	..	39.0	..	32.6	..	8.7	..
Spain	31	11	63.3	65	42.2	38	26.4	21	10.3	14
Portugal	40	22	60.0	64	39.8	38	29.5	21	10.5	15
Italy—South	33	33	60.4	63	40.8	38	28.8	25	10.8	12
Italy—North	22	1	65.5	63	39.8	33	21.1	17	13.4	20
Italy—Total	26	13	63.6	63	40.2	35	24.0	20	12.4	17

Sources and methods : See Appendix B.

[a] These percentage increases take into account the net emigration from Turkey to Greece of about 1 million people between 1920 and 1930.

Whatever view is taken as to the desirability of large-scale emigration from the southern European countries, two conclusions are suggested by the preceding remarks concerning the practical arrangement of emigration. One is that the organization of overseas emigration should be modified so as to serve less one-sidedly the interests of the receiving country. In particular, it is desirable that a less selective attitude be taken concerning the categories of workers to be admitted and that the receiving countries refrain from making it a condition for immigration that the immigrant (or his Government) contributes to the financing of his settlement.[1]

The other conclusion is that emigration from southern Europe to other European countries is preferable to overseas emigration. The objections on demographic grounds which can be raised against large-scale emigration overseas have much less force in the case of intra-European migrations which can be organized on a seasonal or otherwise temporary basis.[2]

Such migrations are of importance in the case of Italians going to Switzerland (who account for most of the seasonal flow shown in Table 87), and some movements of seasonal workers also take place from northern Spain to southern France. There might be other possibilities, such as that of Greek workers' going to Yugoslavia, if the political climate would permit, but the one really important possibility appears to be that of migratory movements from Italy to France. Here are two neighbouring countries, with close affinities in language, religion and cultural pattern generally. One of them is, by any standard, underpopulated and the other is suffering from large-scale structural unemployment. In the first several years after the war, there were in fact ambitious plans in France to develop large-scale immigration. In 1946, M. Pflimlin, then Under-Secretary of State for Population Questions, suggested a minimum need of 5 million immigrants. This was at a time when public opinion in France was still under the impression of immense tasks to be done to modernize the country's economy and of a lack of hands to do it. Since then, the climate has changed somewhat, and France is now in the paradoxical situation of a country which is undermanned, but where, nevertheless, the fear is widespread that it will not prove possible to employ even the present population of working age. In the years from 1945 to 1952, total net immigration, including dependants, into France was about 500,000, of which some 300,000 from Italy, mainly the northern part of the country, and some 75,000 from Spain.[3]

---

[1] On the contrary, it would appear to be reasonable for the receiving country to cover the cost of preparatory training of the immigrant before he leaves his home country. An interesting development in the last two or three years is the financing of emigration by the I.C.E.M. (Intergovernmental Committee for European Migration). The funds at the disposal of the I.C.E.M. have partly been contributed by third countries, not directly interested as countries of emigration or immigration.

[2] The human sacrifice would also appear to be smaller, since migration within Europe involves less of a final break with the home country.

[3] For a fuller discussion of the French immigration and Italian emigration problems, see *Economic Survey of Europe since the War*, pages 161–162.

2. PROBLEMS OF EXPORT PROMOTION

Accelerated economic development involves an increased pressure for imports of industrial equipment, of raw material and of consumer goods to meet the demand from higher incomes. Financial assistance from abroad and internal measures to hold down consumer demand can, at best, alleviate the ensuing necessity for adjustments in foreign trade.

It is one of the important problems of development planning to decide to what extent these adjustments should be sought in the form of export promotion or of substitution of imports by home production. As in all other countries which have experienced some development, the process of industrialization has already led to rather pronounced shifts in the commodity composition of imports into the southern European countries, as shown in Table 89. Over the last quarter of a century, the relative importance of industrial consumer goods, in particular textiles, has declined drastically. In the three countries where a considerable growth of industry has taken place in recent decades—Turkey, Greece and Yugoslavia—this decline in imports of textiles has been accompanied by a considerable increase in the share of equipment and raw materials, although the continuing high degree of dependence on imported food prevented Greece from devoting more than 15 per cent of its 1951 imports to equipment. In Spain and Portugal, requirements for food and fuel weigh heavily in the import bill, and equipment makes up a share no larger than that of 1928 or 1929.[4]

---

[4] No trade statistics are available for southern Italy separately. It is probable, however, that the long-term change in its import structure (including imports from northern Italy) has been, if anything, in a different direction from that found for the other southern European countries. In particular, no comparable development towards self-sufficiency in textiles has taken place.

Table 89

STRUCTURE OF IMPORTS INTO SOUTHERN EUROPEAN COUNTRIES

Percentages

Commodity	Turkey		Greece		Yugoslavia		Spain		Portugal	
	1928	1951	1928	1951	1928	1950[a]	1928	1951	1929	1951
Food[b]	20	6	40	32	14	6	29	25	28	20
Fuel	4	8	10	13	5	9	7	15	9	11
Raw materials	12	17	13	18	24	38	26	30	23	29
Machinery and transport equipment	9	34	9	15	11	27	16	16	22	20
Chemicals (including fertilizer[c])	3	6	3	8	5	5	9	12	5	10
Textiles	36	15	15	6	30	5	6	—	10	4
All other commodities (mainly manufactures)	16	14	10	8	11	10	7	2	3	6
Total	100	100	100	100	100	100	100	100	100	100

Sources : National trade statistics.

[a] For Yugoslavia, 1950 figures have been used, since food imports in 1951 were abnormally large owing to the drought.

[b] Including drink and tobacco, animal and vegetable oil.

[c] Crude and manufactured.

Thus, all the five countries have already passed the period of relatively easy import substitution, characterized by the building up of domestic textile industries. There is still room—and need—for a reduction of the dependence on imports of basic food, especially in Greece, Spain and Portugal, and the same is true to some extent for fuel, raw materials and chemicals, as has been mentioned in previous chapters when dealing with the problems of particular countries. It was seen, for instance, that the substitution of imports is an important element in current industrial plans in Greece, Portugal and, particularly, Yugoslavia. But in contrast with the case of textiles, the further substitution of imports is likely to be relatively costly, both in terms of investments and by the high degree of tariff protection which may be necessary, and it is obvious that, from an international as well as a national point of view, it would be preferable if development in the southern countries could to a larger degree be based on an expansion of exports than on an autarkic contraction of import needs. However, when it comes to export expansion, the southern European countries are faced with very special structural difficulties, the surmounting of which depends not only on their own endeavours, but to a large extent also on the commercial policies adopted by the other European countries.

The Export Structure

The nature of the weaknesses in the export structure of southern European countries can be gauged from Table 90. The first thing to note is that products of manufacturing industries (other than food-processing industries) are insignificant, except in Spain and Portugal, where textile exports are of some importance.[1] There is no reason why the southern European countries should not, in the longer run, become exporters of manufactures when an efficient and varied industry has first been built up. But it would not be realistic to rely on this possibility for quite a long time to come. Nor is a significant development of exports of industrial manufactures envisaged in any of the countries. Exports from southern European countries are therefore bound to continue for many years to consist overwhelmingly of products from agriculture, mining, forestry and fishing—including the food-processing industries.

However, the most characteristic feature of the export structure of southern European countries is that so large a share of exports is concentrated on products which are not easily marketable. Only Yugoslavia appears to be in a favourable position in this respect, with exports highly concentrated on mining products and timber, and with potential agricultural exports of a particularly essential kind, such as grain. Turkey, it is true, has been able in recent years to produce a substantial export surplus of grain and to increase its exports of cotton, and in Portugal, mining products and particularly cork—increasingly

---

[1] Spain and Portugal also export considerable amounts of textiles, and of other manufactures, to their colonies. The figures in Table 90 include only exports to foreign countries.

Table 90

STRUCTURE OF EXPORTS FROM SOUTHERN EUROPEAN COUNTRIES

Percentages

	Turkey		Greece		Yugoslavia		Spain [a]		Portugal [a]	
	1928	1952	1928	1951	1928	1952	1928	1951	1929	1951
Fruit and vegetables	21	12	23	27	7	3	27	36	6	3
Wine	—	—	9	3	1	—	17	6	28	9
Tobacco	31	17	53	40	1	4	—	—	—	—
Fish	1	—	—	—	—	1	4	2	22	10
Total of above	53	29	85	70	9	8	48	44	56	22
Grain	2	23	—	—	7	22	2	—	—	3
Livestock products	9	3	3	2	27	9	3	1	1	—
Textile materials	14	21	—	—	—	1	1	—	1	1
Cork	—	—	—	—	—	—	7	2	21	24
Timber	1	1	—	—	26	19	—	1	2	4
Other agricultural products	9	8	6	11	6	6	15	10	7	8
Total of products from agriculture, forestry, fishing	88	85	94	83	75	65	76	58	88	62
Mining products	3	14	3	7	11	29	15	15	9	14
Textiles	4	—	—	1	—	—	3	13	—	8
All other commodities	5	1	3	9	14	6	6	14	3	16
Total of all items	100	100	100	100	100	100	100	100	100	100

Source : National trade statistics.

[a] Excluding exports to dependent overseas territories.

in processed form—play an important role. There are further possibilities of diversifying the export structure, as apparent for instance in the present Greek plan for " key industries ", and it is of course highly desirable that such possibilities should be realized. For this to happen, some assurance of export markets for the new products is essential, and it may well be that the market guarantee provided by long-term contracts could be helpful. However, even if the possibilities of introducing new export commodities are fully exploited, the whole group of " weak " products —here taken to include wine, tobacco, fresh and dried fruit, nuts, vegetables and fish—will continue for many years to weigh heavily in exports from southern European countries. At the present time, commodities within this broad group account for almost three-quarters of total exports of Greece and some 20 to 40 per cent of those of Turkey, Spain and Portugal. No export statistics are available for southern Italy separately, but it can be roughly estimated that commodities falling within the categories just mentioned make up more than 70 per cent of its exports to foreign countries.

The concentration of exports on primary products is characteristic of the foreign trade of less-developed countries generally. However, the southern European countries appear to be in a singularly unfavourable situation through their dependence on commodities the marketing of which is particularly problematic. Many overseas countries have an export structure which is even more specialized in a few lines of primary products, the demand for which is subject to violent cyclical movements. But most often these commodities are essential raw materials or foodstuffs such as tin, rubber, jute, oilseeds, or—if they are to be classified as " non-essentials "—they are commodities, such as coffee and tea, which can neither be produced in the main importing countries nor substituted by closely competing home-grown products.[1]

By contrast, the southern European specialities, and more particularly the products of horticulture and arboriculture, are both " non-essential " and subject to substitution. Being regarded as less essential, they are liable to suffer each time imports have to be restricted in the consumer countries. Being easily

---

[1] There are, of course, some exceptions : Cuba (sugar) and Jamaica (bananas), for instance. These countries have, however, preferential arrangements with the United States and the United Kingdom, respectively.

Table 91

EXPORTS OF SELECTED FOODS, WINE AND TOBACCO FROM SOUTHERN EUROPE

Thousands of tons (unless otherwise indicated) and volume indices

Commodity	Period [a]	Turkey [b]	Greece [c]	Yugo-slavia	Italy [d]	Spain	Portugal	Total of six countries
Wine : common *(Millions of litres)*	1909–13	—	6	. .	137	306	75	524
	1924–28	—	9	3	129	363	48	552
	1934–38	—	4	2	111	69	33	219
	1950–52	—	2	8	75	51	80	216
Wine : fine *(Millions of litres)*	1909–13	—	—	. .	14	46	33	93
	1924–28	—	—	. .	10	47	64	121
	1934–38	—	—	. .	22	35	49	106
	1950–52	—	—	7	22	34	32	95
Raisins and currants	1909–13	50	111	—	—	23	—	184
	1924–28	35	98	—	—	17	—	150
	1934–38	62	104	—	—	8	—	174
	1950–52	53	75	—	—	4	—	132
Table grapes	1909–13	—	—	. .	29	46	7	82
	1924–28	—	5	1	30	42	5	83
	1934–38	—	9	4	26	41	4	84
	1950–52	—	6	7	38	23	—	74
Citrus fruit	1909–13	. .	2	. .	389	521	—	912
	1924–28	2	3	—	353	727	—	1 085
	1934–38	2	10	—	329	740	—	1 081
	1950–52	3	10	—	353	613	—	979
Other fresh fruit	1909–13	—	9	. .	108	63	8	188
	1924–28	—	13	27	113	86	6	245
	1934–38	—	15	44	145	54	6	264
	1950–52	—	9	12	278	59	2	360
Other dried fruit	1909–13	. .	17	. .	19	7	. .	. .
	1924–28	27	14	33	21	7	. .	102
	1934–38	33	17	16	10	2	. .	78
	1950–52	20	12	7	8	4	. .	51
Nuts	1909–13	27	. .	—	63	29	3	122
	1924–28	20	. .	—	74	35	4	133
	1934–38	31	. .	—	77	29	5	142
	1950–52	31	. .	—	83	25	6	145
Potatoes	1909–13	—	—	—	98	43	—	141
	1924–28	—	—	—	218	52	—	270
	1934–38	—	—	—	115	70	—	185
	1950–52	—	—	—	114	20	—	134
Other vegetables	1909–13	61	—	. .	177	186	. .	424
	1924–28	16	—	32	310	198	. .	556
	1934–38	45	—	34	262	93	. .	434
	1950–52	38	—	9	423	84	. .	554
Olive oil	1909–13	11	12	—	34	42	3	102
	1924–28	5	12	—	31	74	3	125
	1934–38	5	15	—	21	45	5	91
	1950–52	1	3	—	11	38	9	62
Tobacco, raw	1909–13	29	9	. .	1	—	—	39
	1924–28	34	48	2	3	—	—	87
	1934–38	30	44	4	5	—	—	83
	1950–52	55	36	7	9	—	—	107
Sardines	1909–13	—	—	—	—	23	34	57
	1924–28	—	—	—	1	10	40	51
	1934–38	—	—	—	2	13	43	58
	1950–52	—	—	—	—	4	25	29
Total of commodities listed *(Volume index : [e] 1924–28 = 100)*	1909–13	115	50	. .	85	85	85	85
	1924–28	100	100	100	100	100	100	100
	1934–38	115	100	110	95	70	100	90
	1950–52	145	80	100	115	55	80	90

Source : National trade statistics.

[a] In some cases the averages refer to periods slightly diverging from those shown (Turkey : 14 March 1911–13 March 1914; Greece : 1910–13; Spain : 1910–13 and 1934–37; Portugal : average of years 1934, 1935, 1937 and 1938).

[b] Figures for the period 1911–14 are not fully comparable with later figures due to territorial changes. However, the 1911–14 exports of citrus fruit and dates which originated in areas later ceded to non-European countries have been excluded.

[c] Between the first and second periods, the territory of Greece doubled by the incorporation of areas previously belonging to Turkey.

[d] The figures refer to the whole of Italy. In 1938–39, southern Italy contributed more than 50 per cent of the exports of citrus fruit, nuts, potatoes and other vegetables, whereas northern Italy was more important as an exporter of table grapes, other fresh fruit, wine and tobacco.

[e] Based on typical export unit values of the period 1924–28.

substitutable, they are exposed to protective measures in the importing countries in favour of domestic products of the same or closely competing commodities. To make the range of their adversities complete, the southern European exporters are handicapped by discrimination in favour of other exporters : two of the main potential markets, the United Kingdom and France, have preferential arrangements with their affiliated overseas territories, and in the United States subsidies have been paid to exports of some kinds of fruit, which compete directly with exports from southern Europe.[1]

In these circumstances, it is not surprising that the long-term trend of southern European exports in these commodity groups has been one of stagnation or even decline, as can be seen in Table 91, which shows changes in the quantities exported from each of the countries since before the first World War.[2]

An appendix to this chapter gives a more detailed description of the main marketing problems for some of the more important of the products concerned. Here, a brief characterization will suffice.

The prospects are, perhaps, most discouraging for the vineyard products, whether in the form of wine, where Italy, Spain and Portugal are important suppliers, or as currants or raisins, where Greece and Turkey are the chief exporters. For wine, the southern European producers, as well as those in other countries, are faced with an almost chronic tendency towards over-production. Earlier chapters have mentioned the depressing effects of recurrent wine export crises in Italy. In more recent years, southern European exports have been particularly severely hit by the loss of the French market to Algeria, from where the wine enters France not only free of duty but, even more important, free of quantitative restrictions. In other markets, the tendency has been for higher taxation of wine consumption. Against these trends there seems to be little hope for increased export outlets for wine, and the prospects are hardly more reassuring for dried grapes in view of com-

---

[1] For instance, raisins, fresh oranges and orange juice.

[2] Turkish exports of citrus fruit and dates before the first World War originated in regions later ceded to countries outside southern Europe (as defined in this report). These exports have been excluded from the figures in the table in order to secure comparability over time of the totals for southern Europe.

Table 92

SUPPLIES OF VEGETABLES AND FRUIT IN WESTERN EUROPE [a]

Thousands of tons

	United Kingdom		Western Germany		France		Eight other western European countries[b]		Total (for vegetables excluding France)	
	1934–38	1950–52	1934–38	1950–52	1934–38	1950–52	1934–38	1950–52	1934–38	1950–52
Vegetables										
Production	2 110	2 250	1 810	1 950	5 900 *	5 900 *	2 370	3 040	6 290	7 240
Exports	—	—	—	—	50	120	390	440	390	440
Imports	470	650	190	310	150	140	240	210	900	1 170
Supplies	2 580	2 900	2 000	2 260	. .	. .	2 220	2 810	6 800	7 970
Degree of self-sufficiency *(percentages)*	*82*	*78*	*91*	*86*	. .	. .	*107*	*108*	*93*	*91*
Fruit										
Production	420	700	1 370	2 120	550	880	1 100	2 200	3 440	5 900
Exports	60	10	—	—	100	100	70	280	230	390
Imports	1 800	1 280	310	740	620	850	750	880	3 480	3 750
Supplies	2 160	1 970	1 680	2 860	1 070	1 630	1 780	2 800	6 690	9 260
Degree of self-sufficiency *(percentages)*	*19*	*36*	*82*	*74*	*51*	*54*	*62*	*79*	*51*	*64*

Source : Based on data furnished by FAO.

[a] Post-war average based on actual figures for the seasons 1950/51 and 1951/52 and estimates for 1952/53. The figures include all vegetables and fruit intended for human consumption whether in fresh form or preserved, with deduction of seed and waste. Vegetables exclude potatoes and pulses. For French production of vegetables, the source gives a highly hypothetical figure, the same for both periods.
Fruit includes dried fruit, table olives, etc., while nuts are excluded, as well as fruit used for cider production, in so far as this was indicated in the source.

[b] Austria, Belgium, Denmark, Ireland, Netherlands, Norway, Sweden and Switzerland.

petition from overseas suppliers, mainly the United States and Australia, and of the technical improvements in transport and conservation which have widened the scope for consumption of fresh fruit. The difficulties of marketing these products are the more serious because important capital has been sunk in the development of vineyards, often on soils which are highly suitable for this particular use but hardly useful for any other purpose. Only little relief can be expected from increasing exports of table grapes and of non-alcoholic beverages based on grapes.

The prospects are more reassuring for tobacco, another commodity on which southern Europe is highly dependent. World consumption of tobacco has been increasing continuously, although rather slowly. Consumption of the oriental-type tobacco produced in Greece and Turkey has increased somewhat faster than total tobacco consumption, but a change in taste, perhaps temporary, towards American types of tobacco has occurred since the war.

In the broad group of vegetables and fruit, *per capita* consumption has increased steadily and substantially in most countries and the main reasons for the stagnation of southern European exports have been the increasing self-sufficiency in the importing countries and growing competition from the Netherlands. In the 'twenties, the expansion of consumption of vegetables went hand in hand with increased world trade, facilitated by the improvement in transport techniques. For instance Germany—together with the United Kingdom the most important European market—imported 50 per cent more vegetables in 1927–1929 than in 1911–1913. During the 'thirties, however, agricultural protection caused a serious decline, and the increase in the post-war period has not been sufficient to bring imports back to where they were during the 'twenties. In the United Kingdom, imports of vegetables followed a course similar to that of Germany, with a slight decrease in the degree of self-sufficiency compared with the situation before the war (Table 92). In the other western European countries, imports of vegetables in recent years have been even lower than before the war.

Consumption of fruit also increased substantially up to the second World War. While imports of fruit directly competing with fruit produced in north-western Europe continued to decline, imports of southern fruit, notably citrus fruit and bananas, increased. For all fruit taken together, the degree of self-sufficiency in the European importing countries therefore remained almost unchanged, or perhaps even fell somewhat, as far as can be judged from the partial data available. In the post-war period, however, imports, although slightly higher than in the late 'thirties, have not kept pace with the expansion of consumption in the importing countries, and the degree of self-sufficiency has increased markedly. In 1952, southern Europe contributed only 40 per cent of western Europe's total fruit imports. For vegetables, the share was as low as 20 per cent.

The Scope for Higher Consumption of Fruit and Vegetables

Although consumption of fruit and vegetables has thus grown considerably in the importing countries of western Europe, there appears to be ample room for a further increase. In fact, the statistical data available seem to show that the relatively high level of prices in a number of countries, largely a result of protection and restriction of imports, has kept consumption at levels which are low in relation to the general standard of living.

Table 93 shows the relative price of fruit and vegetables for ten European countries, together with the share of these commodities in the total calorie intake. Although the figures have a margin of error large enough to invite caution, the connection between high

Table 93

RELATIVE PRICE OF FRUIT AND VEGETABLES AND THEIR SHARE IN TOTAL FOOD CONSUMPTION

Country	Relative price of fruit and vegetables [a]	Percentage share of fruit and vegetables in total calorie intake [b]
Norway	5.8	2
Western Germany	4.5	4
Sweden	4.3	3
Austria	4.0	4
United Kingdom	3.6	4
Netherlands	3.5	4
Denmark	3.4	5
France	3.1	5
Switzerland	2.5	6
Italy	2.4	6

Sources : Year Book of Labour Statistics 1951–52, ILO, Geneva, 1952; data furnished by FAO.

[a] Ratio of price per calorie for fruit and vegetables to price per calorie for other food. The price material consists of representative retail prices in October 1951 for nine groups of food, of which fruit and vegetables. In each of the last two groups the selected items (apples and oranges; cabbages and onions) were given the same weight. The other groups are : pork, other meat, eggs, milk and cheese, butter, cereals and potatoes.

[b] Data on the calorie intake refer to the year 1950/51 and include all food items, thus also sugar, vegetable fats and oils, etc., which were omitted in the price comparison.

prices and low consumption is unmistakable. Indeed, in most countries of western and northern Europe, *per capita* consumption is little more than half that of the United States, where consumption of vegetables alone is 110 kilogrammes per head, a level reached only by France among the European countries (Table 94).

The response of consumption of fruit and vegetables to increases in the level of income and to reductions in their price relative to that of other foods is known to be high, although it is difficult to give quantitative precision to this statement.[1] It is safe to conclude, therefore, that there is scope for substantially increased consumption of both vegetables and fruit in several western and northern European countries, a development which would be highly desirable also for dietary reasons. If, to take a purely illustrative example, *per capita* consumption of vegetables were to increase to, say, 70 kilogrammes in the countries where it is at present lower, and if this increase were to be brought about exclusively by higher imports, this might imply an additional import demand of between two and three million tons annually. If southern Europe were to participate in this increase in proportion to its share in western European imports in 1952, this would be tantamount to a doubling of the exports of vegetables from the region.[2] In the case of fruit, the differences between the levels of consumption are less striking than for vegetables, but here, too, there is large scope for increased consumption as a result of lower prices and higher incomes. In eastern Europe, likewise, there are undoubtedly possibilities for increased consumption of the agricultural specialities of southern Europe. In particular, there would seem to be a large potential market for citrus fruit, even if the present plans to increase production in the Soviet Union are realized.[3] Lately there has been an increase in eastern European imports of citrus fruit and a further increase is expected in 1954.[4]

---

[1] Such investigations as have been undertaken seem to indicate that both income elasticity and price elasticity for fruit and vegetables are located somewhere between three-fourths and unity. There are, of course, important differences between countries, according to climate and long-standing food habits.

[2] In this context, " southern Europe " is taken to include the whole of Italy.

[3] See Chapter 4.

[4] The main expansion is in imports from Israel, which expects in 1954 to ship as large quantities of citrus fruit to eastern as to Continental western Europe. Italian exports to eastern Europe are expected to increase moderately. Spain has no trade relations with eastern Europe.

Table 94

CONSUMPTION LEVELS FOR VEGETABLES, FRUIT AND WINE

Kilogrammes per capita; wine in litres

Country [a]	Vegetables [b]		Fresh fruit [c]		Citrus fruit		Dried fruit		Wine	
	1934–38	1950/51–1952/53	1934–38	1950/51–1952/53	1934–38	1950/51–1952/53	1934–38	1950/51–1952/53	1934–38	1950/51–1952/53
Denmark	62	71	30	46	3	6	3	2	2	1
Switzerland [d]	62	76	86	80	8	14	..	2	39	36
Sweden	21	25	28	43	6	13	2	2	1	1
Norway	19	27	21	29	10	8 [e]	2	2	2	—
United Kingdom	55	57	29	30	13	8	4	3	2	1
Belgium-Luxembourg	50	65	28	55	10	16	2	1	4 [f]	5 [f]
Netherlands	67	64	27	39	11	9	4	2	—	1
Western Germany	52	45	36	47	6	8	2	2	8	8
France	143	137	26 [g]	26	7	13	..	1	160	132
Austria	58	61	38	46	4	3	1	1	17	17
Turkey [d]	32	64	64	65	..	2	1	3	—	1
Greece	27	70	44	65	5	13	4	2	44	54
Italy	56	87	26	49	8	10	2	1	95	85
Portugal [h]	..	116	..	50	..	..	..	3	80	97

Source : *Food and Agricultural Statistics* (AG (53)27), O.E.E.C., Paris, August 1953. *Fruit and Vegetables, Production, Trade and Policies in Europe 1947–1951*, Commodity Series, Bulletin, No. 23, October 1952, FAO ; *Bulletin de l'Office international du Vin*, Paris ; and national statistics.

[a] Countries arranged in descending order of total *per capita* calorie intake in 1951/52.

[b] Excluding potatoes and pulses; including vegetables consumed in preserved form (this also applies to fresh fruit and citrus fruit).

[c] Including bananas; excluding citrus fruit.

[d] The post-war average refers to the years 1950/51 and 1951/52.

[e] In 1952/53 consumption reached 13 kilogrammes.

[f] Belgium only.

[g] Including dried fruit.

[h] Post-war data refer to 1950/51 only.

The Need for More Liberal Import Policies

It has been mentioned that the southern European exporters of fruit and vegetables are subject to the fourfold handicap of import restrictions for balance-of-payments reasons, of protective measures in favour of higher cost domestic production in the importing countries, of discrimination in favour of producers in affiliated overseas countries and of export subsidies by the United States and other competing producers. It was suggested, moreover, that considerably higher levels of consumption in the importing countries are both possible and desirable, and that this increase is prevented from taking place largely by the higher prices ruling in the protected markets. It is pertinent, therefore, to ask whether higher levels of consumption could not be brought about—to the advantage of all concerned—by a reduction of trade barriers, thus giving the southern European countries, with their favourable natural conditions, the possibility to supply an increasing share of expanding markets.

It would seem, in fact, that such a development can well be envisaged without immediate disturbance to the importing countries, and with considerable economic advantage in the longer run.

It is not proposed that the existing protection could be altogether discarded within the near future. Producer interests in the importing countries are too powerful for such a suggestion to be realistic, and a too sudden opening of markets for free imports might also entail real social hardships, although, in view of the relatively high price elasticity of demand, and the limited short-run supply elasticity in exporting countries, the consequences for the producers in the importing countries would probably be far less dramatic than is often feared, especially if several major importing countries were simultaneously to open up their markets for imports.

However that may be, more modest and piecemeal steps could be highly beneficial. What is needed is, to begin with, a stabilization of the degree of protection and, later on, a reduction of its level. Horticultural products are a field where protection is particularly multifarious and subject to frequent changes. The methods range from ordinary tariffs to short-term quotas varying with the season, with crop results or with the price level of the products, and sometimes the protective measures even appear in the innocent guise of health precautions. The O.E.E.C. plan for liberalization has produced some results in the case of citrus fruit, but very little has been achieved for fruit and vegetables directly competing with production in the importing countries.[1]

Owing to the nature of *ad hoc* measures, liable to frequent changes according to market conditions, the protection in this field has the result not only of reducing the scope for international trade but, moreover, of placing all the burden of market risks on the exporting country. The typical procedure is that a country which tends to be self-sufficient in years of good crops opens for imports only in years of bad crops when imports can prevent prices from rising unduly. In years when supplies from domestic production are sufficient, on the other hand, the importing country has the possibility, often resorted to, of reducing or wholly cutting off imports, thus securing a stable market for the domestic producers while placing on the exporting country's home market the accumulated effect of abundant supplies abroad and at home. This risk is of course made the more serious by the perishableness of many of the products concerned. The ensuing uncertainty about future markets prevents producers in exporting countries from planning for increased production and also prevents the building up of the transport facilities—special wagons, " cold chain ", etc.—which are necessary for long-distance trade in perishable food products.[2]

---

[1] On 1 December 1953, the British Government abolished quantitative restrictions (including those of a seasonal nature) for a number of horticultural products. At the same time, import duties were increased for a number of products, including fresh cherries, currants, strawberries, hothouse grapes, asparagus, broccoli, cauliflower, carrots, onions, lettuce, new potatoes and tomatoes. On balance, these changes seem to be towards freer and, in particular, more stable import conditions for fruit and vegetables.

[2] In discussions of economic integration in Europe, comparisons are often made between the unified internal market in the United States and the division of Europe into smaller national markets, the implication being that the difference between American and European levels of productivity and standards of living is largely to be explained by this difference in the size of markets. In the sweeping form in which this thesis is often propounded, it is undoubtedly one-sided and misleading. However, with regard to the particular group of commodities here considered, a comparison with the trade and production pattern in the United States seems to be highly relevant. The climatic difference between the Mediterranean region and the European countries north of the Alps may well be compared with that between Florida, parts of Texas, and California on the one hand and the north-eastern part of the United States on the other. Before the first World War, the latter region relied mainly on local production for its supplies of fruit and horticultural products. With the development of modern transport and preservation techniques, however, a spectacular increase has taken place in long-distance trade in these products within the United States. The quantities transported from the climatically favoured regions of the country to the consuming centres in the north-east were almost four times as large in 1939 as in 1909. In 1948 the total supplies of fruit and vegetables brought in from distant sources to the consuming centres were 8.4 million tons (of which 3.7 million tons from California, at a distance of some 4,000 km., and 2.4 million tons from Florida). This may be compared with exports from the Mediterranean region to north-western Europe of the order of 2 million tons. It must be added that the expansion, since the first World War, of American consumption of the products concerned has been big enough to permit local production in the consuming centres to expand by some 50 per cent alongside the near to fourfold increase in long-distance supplies. (For further details, see Fritz Baade : " Die deutsche Landwirtschaft als Partner in einer europäischen Agrargemeinschaft; ihre Leistungsfähigkeit und ihre Lebensbedürfnisse ", in *Gutachten zu Fragen einer europäischen Agrargemeinschaft*, Bonn, 1953, pages 34–40, and Max Biehl : " Marktnähe gegen Klimavorteil ", *Zeitschrift für Geopolitik*, Heidelberg, No. 2, 1952, page 82.)

Agreements by which import quotas were to be fixed for a number of years and, if possible, subjected to a gradual and regular increase would therefore appear to be the most appropriate first step for freer trade in fruit and vegetables. If, gradually, the southern European countries were given the opportunity to compete on equal terms in the other European countries, this might greatly strengthen their export position and thereby improve their possibilities of carrying through a policy of economic development.

* * *

The case here argued for freer trade in the labour-intensive products of horticulture and arboriculture rests not only on the ordinary free trade argument for specialization according to comparative cost advantages. It is based, more specifically, on the particularly low mobility of labour in the exporting countries. Often a case can be made—and is made—for deviating from the free trade pattern because the importing country has difficulty in finding alternative use for the labour whose employment is threatened by imports. In the case here considered, the situation is, however, a very different one. In the western and northern European countries, the possibility exists, by and large, of transferring people from horticulture to industry or other urban occupations, or at least these countries can well afford to refrain from devoting more resources to these lines of production. If they were to permit increased imports *pari passu* with higher consumption, they would even stand to gain by having cheaper food supplies and more manpower available for industry.[1] In the exporting countries of southern Europe, on the contrary, the labour market is overcrowded and reduced employment opportunities in intensive agriculture are a net loss to the economy.

Spokesmen of the southern European countries, when arguing for the removal or reduction of trade barriers for their agricultural products, often point to the fact that they, on their part, have shown readiness to go very far in following the O.E.E.C. quest for liberalization of import trade. It follows from what has been said above that this argument, whatever may be its commercial value, is, in a sense, irrelevant. The case for protection against imports in less-developed countries striving to build up an industry of their own rests on another line of reasoning and is unaffected by the argument against trade barriers expounded above.[2] There is no inconsistency in advocating protection as regards the imports of less-developed countries and free trade as regards their exports. If contradiction there is, it is only a manifestation of the more fundamental contradiction that highly developed and less-developed countries exist side by side and have to trade with one another, reaping benefits from the international division of labour but without compromising the basic aims of their economic policies.

It was said above that freer trade in Europe in the agricultural products of southern Europe would be to the advantage also of the importing countries, which thereby get cheaper supplies. There is, however, a further reason why this is in their interest—namely, that their own industrial exports partly depend on the import capacity of the southern European countries, which again is largely a function of the market conditions for their traditional export products. The southern countries will in any case need industrial protection for their young industries and, if they are to pursue a vigorous policy of economic development, they may well have also to apply import restrictions in periods of strain. But how far they will have to push in the direction of autarky depends in a high degree on the readiness of other European countries to buy their traditional export products. If these exports were to assume an upward trend—after having stagnated over the last two decades—the southern countries would be enabled to plan their development with less concern for national self-sufficiency. The implication of these alternatives for the other European countries, highly dependent as they are on exports of industrial manufactures, need not be stressed, especially at the present time when these exports are encountering some difficulties. Further aspects of the question here touched upon are discussed in the concluding section of this chapter.

---

[1] This could be considered a disadvantage only if a defeatist view were taken of the possibilities of securing full employment in the highly developed European countries.

[2] For a discussion of the need for, and the most appropriate forms of, tariff protection in less-developed countries, see Chapter 14 of this *Survey* and *Economic Survey of Europe since the War*, pages 219–220.

3. External Capital Assistance and Intra-regional Collaboration

Means to increase the Supply of Capital

In view of the various inhibitions on private capital movements and the many competing demands on the limited resources of international lending agencies, the amount of capital directly forthcoming from outside sources is likely to be small in relation to the development needs and possibilities of southern European countries. In future, the disparity between the demand for and the supply of capital is likely to become still more marked. One reason is that the economic aid provided by the United States to the southern European area since the war is being sharply reduced. Another is that the development potentialities of the area, and of undeveloped countries in other regions, have only recently begun to receive careful study, and it can be expected that plans and projects for the effective use of capital will mature, as practical propositions, much more fully and rapidly than hitherto. As these things happen, the effective demand for external capital will become all the more evident.

It may seriously be doubted, on the other hand, that adequate steps have yet been taken for the mobilization and effective use of capital for foreign investment. Even now, private investors in some European countries, especially Switzerland, show definite interest in placing their funds abroad, though, clearly, so long as such capital does not find appropriate institutional arrangements, it will not venture forth as it did in the time before the international capital market was destroyed by two world wars and the intervening depression. Probably the greatest possibility, however, is to put to use reserve capacity of plant and manpower not fully utilized at present in economically developed countries which are interested in expanding their exports of equipment and materials. Idle capacity is both a potential source of capital and an actual cause for concern in a number of the leading industrial countries of western Europe.

A major barrier to the activation of such capacity, whether for investment at home or abroad, is that the increase in production and employment entails additional imports and, hence, additional foreign exchange outlays which few European countries are able to envisage without serious concern for their international payments position. Indeed, the risk is not negligible that balance-of-payments considerations will impose a continuing under-utilization of resources in European countries. Part of the otherwise gratifying improvement in their net payments position during the past two years has been gained at this price. It is in this respect that European countries are most seriously handicapped in competition with the United States when it comes to promoting exports through foreign credits.

The problem, therefore, is to find ways of utilizing idle resources while safeguarding against balance-of-payments difficulties brought on by increased imports. Such safeguards could be provided, it would appear, as part of the arrangements for loans granted by international lending agencies to under-developed countries and this could be done in ways which would, at the same time, substantially increase the total amount of capital supplied. The nature of the problem and its possible solution can best be illustrated by a simple hypothetical example.

Let it be assumed that a given under-developed country has a development programme for which the direct import needs in the form of equipment and materials amount to $100 million, and that the international lending agency is prepared, in consideration of other calls on its funds, to supply only $40 to $50 million of long-term or medium-term credits towards meeting these import needs. If no other provision is made, the whole programme will obviously have to be slowed down and extended over a much longer period of years than had been contemplated. Assume further, however, that the lending agency and the under-developed country agree to the issuance by the latter of bonds to the full amount of $100 million with an undertaking by the lending agency to buy, upon request, and hold at its own risk 40 to 50 per cent of the total of such bonds that may be acquired by any exporting country in payment for deliveries of goods falling within the programme. Armed with such an agreement, the under-developed country would then be in a position to enter into negotiations (in which the lending agency could fully participate) with various exporting countries interested in doing business on this basis, to allocate its orders according to relative price and other advantages, and to make payment and credit arrangements appropriate to the amount of contracts placed in each instance. Given the conditions described above, the industrially developed countries might be expected to find such arrangements feasible and attractive. Most of them already provide official export credits in one form or another, usually through particular banking institutions specializing in export credits under Government guarantees.[1] Compared with their regular type of operations, the credits here envisaged should be of special interest to them for at least two reasons. The first is that re-sale of a part of the bonds to the international lending agency would give foreign exchange cover for extra imports induced directly or indirectly by the expansion of production for export.[2]

---

[1] For descriptions of export credit systems actually practised in the main industrial countries of western Europe, see *Bulletin d'Information et de Documentation*, Banque Nationale de Belgique, June 1953, and *Journal officiel de la République française : Avis et Rapport du Conseil économique*, No. 4, 1953, pages 221 ff. For a description of guarantee systems covering risks from export credits, see H. Allenspach, " Probleme der Exportrisikogarantie ", in *Aussenwirtschaft*, Schweizerisches Institut für Aussenwirtschafts- und Marktforschung an der Handels-Hochschule St-Gallen, September 1953.

[2] For a discussion of the technical implications of a scheme similar in this respect to the one suggested here, see P. Saraceno : " The Development of Export Trade of European Industrial Products and its Financing ", in *Banca Nazionale del Lavoro, Quarterly Review*, January-March 1950.

The second is that, as security risks, the remainder of the bonds should be strengthened in some measure because of the association with the international lending agency, even though they are not guaranteed by it.

The same effects could, of course, be obtained through arrangements negotiated directly and simultaneously between the exporting country, the under-developed country and the international lending agency. The advantage of the arrangement proposed, however, is that a development project or programme would first be studied and approved as a whole by the international lending agency and the under-developed country, and the latter would then be free to shop around in various exporting countries and distribute its orders for different items according to greatest comparative advantage. Though more standardized in form, the scheme would be more flexible in its administration.

Private capital could come into the scheme in two ways. The first would be by direct subscription to a central development fund, creating a kind of international financial consortium participated in jointly by international lending agencies of a public character and by private commercial banks in countries whose balance-of-payments positions do not bar such investments. This kind of participation would provide new outlets for private capital from a few European countries as well as from the United States and Canada and would increase the total amount of international loan resources.

The second opening for private capital would be through subscriptions within each exporting country to that part of the bonds retained by it under any particular export credit deal (as distinguished from that part sold to the international lending agency). These subscriptions would not, of themselves, increase the theoretical capital export capacity of the countries concerned, but could be of considerable importance in the practical administration of the scheme. This would be especially true of, but not limited to, countries where institutional arrangements are inadequate for the guarantee or outright purchase of the bonds by official or semi-official agencies but where private industrial and banking circles are strongly interested in export promotion.

As far as the borrowing country is concerned, the scheme sketched above would be applicable only to the financing of equipment and materials which are identifiable as direct import components of the development programme and are thus subject to advance contractual arrangements. It could scarcely be applied to any additional, but less easily foreseen, imports of consumer or producer goods into under-developed countries induced by the further repercussions of domestic expenditure under the programme. Except in so far as the under-developed country may find it possible and desirable to arrange other external credits for these purposes, it must expect to restrain such further repercussions by steps to augment internal savings, as discussed in the previous chapter, and to adapt the size and pace of its over-all programme to the amount of internal and external capital available.

To sum up then, the advantages of the scheme suggested[1] would be as follows :

(1) Under-developed countries would be able to obtain external capital to an amount twice or more than twice as high as that directly forthcoming from international agencies.

(2) Exporting countries could create additional production and employment without risk of balance-of-payments disturbances, while the increased saving forthcoming would have its counterpart in foreign investment.

(3) True international competition would be promoted, since borrowing countries would be able to place their orders strictly on the basis of relative prices, delivery dates, etc., without being unduly influenced, as is now the case, by the greater availability of credit from some exporting countries than from others.

(4) International lending agencies, instead of having to rely almost exclusively on the American capital market as at present, would see their loans complemented by substantial amounts of private and public capital from European sources.

Regional Self-help—the Special Position of Italy

Though the scheme outlined above would be open for participation by any exporting country able to supply development goods (and should equally be capable of being applied to under-developed countries in other parts of the world) the possibilities of generating additional capital in this way appear of particular significance in the case of Italy in its relations with other southern European countries. The industrially developed northern part of the country suffers, as has been noted, from serious under-employment of available plant capacity and labour in its engineering industry. An expansion of its exports would contribute to a strengthening of the whole Italian economy and thereby also to an increase in the home demand for southern Italian products. At present, however, Italian engineering exports face great difficulties in foreign markets and play a surprisingly small role in neighbouring southern European countries in particular, as is shown by the following figures :

---

[1] No attempt is made here to touch on all features of the scheme that would have to be considered, though two others may be briefly mentioned : (i) with respect to any loan issues maturing serially over a period of years, there might be reason for the exporting country to retain the shorter maturities and for the international lending agency to buy the longer ones ; (ii) with respect to the currency in which repayment of the loans is to be made, those sold to the international lending agency would presumably need to be repaid in the currency obtained by the exporting country in the first instance, but those held by the exporting country would scarcely need to specify payment in any currency other than its own.

Imports of Machinery and Transport Equipment by Southern European Countries in 1952

Importing country	Total *(Millions of dollars)*	Percentage supplied by Italy
Turkey	218	4
Greece	70	17
Yugoslavia	116	18
Spain[a]	60	3
Portugal	82	3

[a] 1951.

Italy's exports of machinery and transport equipment to other southern European countries are small not only in relation to their total imports but also in relation to Italy's total exports of these goods—amounting to almost $300 million in 1952, of which only some 18 per cent went to the southern European region.

The suggestion that Italy should participate in the scheme as a supplier of capital to other southern European countries may appear strange at first sight, since Italy itself suffers from a shortage of capital. It would indeed be an odd suggestion if capacity in Italy were already fully utilized, so that the export volume could be increased only at the expense of production for the home market. In that event, exports not covered by a simultaneous and equal increase in imports would have a net inflationary effect. Since, however, Italian capacity is far from fully employed, extra export orders, in order to be non-inflationary, would have to be paid in cash only to an amount corresponding to the import content of the export goods plus the additional imports induced by the increase in incomes generated by the export orders. The remainder, corresponding to the additional saving created by increased employment in Italy, could be exported on credit.[1]

Indeed, the Italian position is so special that, even in the absence of some arrangement like that suggested here for international backing, consideration might well be given to the possibility of additional exports on credit as a means of helping to solve Italy's own problems and of contributing at the same time to the economic development of its neighbours. Some cash payment by the latter in dollars or other foreign exchange would doubtless be necessary as a complement to such credits in order to cover additional Italian purchases in the dollar area or elsewhere. Most of the southern European countries are, however, able to supply directly substantial amounts of the foodstuffs, minerals and certain other raw materials which Italy would need in order to expand its production for export. These include wheat and other grain from Turkey and Yugoslavia, cotton from Turkey and eventually from Greece, and non-ferrous metals from all the southern European countries. Failing broader measures of international collaboration, it would seem therefore that much could be accomplished through bilateral arrangements providing for :

(1) Large-scale deliveries of development goods by Italy ;

(2) Extension by Italy of credits covering the greater part of such deliveries ;

(3) Concurrent counter-deliveries of foodstuffs, minerals and other raw materials by the partner country covering part of the remainder ;

(4) Payment in cash for the residual part, covering other imports by Italy from the dollar area or elsewhere ; and

(5) Possibly also future deliveries of foodstuffs and raw materials to Italy by the borrowing country to pay off initial credits.

---

[1] The arrangement here suggested implies that the exporting country is willing to invest abroad the whole amount of additional saving made possible by the additional export orders. Suppose that additional export orders to an amount of 100 monetary units give rise to an increase, through the so-called " multiplier effects ", of 250 in total income in the exporting country, out of which 50 units are spent on imported goods, 150 are spent on consumption of home produce—for the production of which idle capacity exists *ex hypothesi*—and that 50 are saved by private individuals or by the Government in the form of additional tax receipts. In this hypothetical case, 50 units—i.e. the additional saving (corresponding to the net improvement of the trade balance)—would be available for foreign investment. In other words, the arrangement assumes that the exporting country refrains from letting the increase in saving be matched by an induced increase in home investment.

Of course, less rigorous arrangements are possible, by which the exporting country would extend credit for only a part of the additional saving created, reserving the remaining part for an expansion of home investment.

Compared with the more multilateral approach sketched earlier, arrangements of the nature just discussed would be of a distinctly bilateral character. The tying of credits by a particular country to exports of its own goods, though a departure from classical principles of international trade and finance, is common practice nowadays.[1] The linking of such credits to contracts for concurrent or future counter-deliveries of primary goods would, however, be a departure from the current trend in western Europe towards dropping controls and special arrangements governing imports of primary commodities. But, compared with the present situation, such bilateral arrangements could mean a net addition to the volume of international trade and investment and a contribution towards solving Italy's problems as well as those of its neighbours. Despite the general poverty of the region, there is a certain complementarity of resources between Italian industry, on the one hand, and other countries' food and raw materials, on the other. These could form the basis for a regional programme of mutual assistance in economic development, if it is not possible to obtain agreement on more multilateral trade and financial arrangements such as those discussed in this chapter as a means of assisting southern European countries along the path of economic development.

---

[1] Some important agreements on foreign credits to southern European countries have recently been concluded. The characteristic features of these arrangements are, first, that the provision of credit is strictly tied to the delivery of equipment and, second, that the credits are relatively short-term.

Under the Greek-Italian agreement of November 1953, the Italian Government undertakes to permit private Italian firms to give five-year credits for exports to Greece, up to an amount of $15 million. This amount can be raised to $25 million if the orders for equipment for certain hydro-electric plants in Greece are given to Italian firms. Italian collaboration in mining (including oil-drilling) and in the field of agriculture (mechanization and irrigation) is also to be considered within the framework of this agreement.

In the recently signed Greek-French protocol, the French Government declares its readiness to support the conclusion of an agreement with the French electrical industry, according to which the delivery of materials and services to the value of 5.5 billion French francs ($16 million) is to be financed by credits, to be repaid by 1960 at the latest.

An agreement between Greece and western Germany, signed in November 1953, provides for the delivery of capital goods up to an amount of DM 200 million ($48 million), of which DM 100 million can be ordered immediately. Credits, running from five to eight years, are to be provided through the private capital market in western Germany.

A Turkish-Italian agreement, signed in the summer of 1953, provides for delivery by Italy of the materials for a 1,000-kilometre electric grid in western Anatolia.

In connection with the general Turkish-French trade agreement of December 1953, an investment agreement was signed according to which a credit of 160 million Turkish liras ($57 million) is to be extended by French banks, with the guarantee of the French Government. The credits are to run for two to seven years. The agreement also provides for technical assistance.

Finally, the Spanish-French agreement may be mentioned, according to which France is to deliver materials and extend credits for the construction of the Avilès steelworks.

Appendix to Chapter 16

EXPORT MARKETS FOR SOME PRODUCTS OF SOUTHERN EUROPEAN AGRICULTURE

The market problem for the traditional export products of southern European agriculture was discussed in general terms in Chapter 16, and it was seen that, by and large, the quantities of these products exported from southern Europe are now no larger than before the first World War. As was mentioned, this long-term stagnation was the joint result of growing self-sufficiency in the north-western European countries, increasing competition from other exporting countries, especially from those enjoying preferential treatment in European markets, and, in some cases, the stability of total consumption of the products concerned.

Table 95 shows the composition by area of origin of imports into the three main importing countries of western Europe, and into the United States, of particular southern European products, and Table 96 summarizes the development by showing the share of imports into the United Kingdom, France and Germany supplied by southern Europe.[1] This share is seen to have declined markedly in nearly all cases. The only important exceptions are tobacco and cork where southern Europe managed to maintain its share, albeit of a stable total. For all the commodities taken together, the share of southern Europe in the imports into the three main European markets declined from some 40 per cent in 1913 and 1928 to some 25 per cent in recent years. The shift was primarily in the imports of the United Kingdom and France—the two countries with affiliated overseas territories—whilst the share of German imports accounted for by southern Europe has even increased.

The purpose of the following notes is to consider somewhat more closely the particular problems and prospects for the more important commodities.

Table 96

SHARE OF SOUTHERN EUROPE IN TOTAL IMPORTS OF SELECTED COMMODITIES INTO THE UNITED KINGDOM, FRANCE AND GERMANY [a]

Percentages

Commodity	1913	1928	1934	1950–1952
Wine	45	43	13	11
Citrus fruit	97	83	70	52
Other fruit [b]	80	61	67	56
Tobacco	7	14	12	12
Sardines	53	63	70	19
Cork	69	81	73	62
Total of commodities listed	39	39	33	26
of which :				
United Kingdom	45	34	31	22
France	34	36	20	16
Germany	38	48	52	51

Source : Calculated from trade statistics of importing countries.

[a] Western Germany for post-war years.

[b] Grapes, raisins and currants, almonds and hazelnuts, and olive oil.

Vine Products

The soils and climate of the Mediterranean region are particularly well suited for viticulture, which requires much warmth and little water. In large areas, difficult to irrigate, the vine is virtually the only choice apart from the olive tree, which gives a much smaller yield per hectare. But wine consumption has not increased during the last decades, and the present trend is, if anything, declining. Consequently, the tendency to over-production has been persistent throughout the Mediterranean area.

Among the southern European countries, Turkey produces almost exclusively grapes for raisins; of the Greek output of grapes, about half is for raisins and table grapes. In the other four countries, production is concentrated on grapes for wine.

The exports of *wine* from the three main southern European exporting countries, Italy, Spain and Portugal, increased during the 'twenties, but since then the quantities have fallen, particularly sharply in the case of common wine (see Table 97). The main reason for this decline was the change in French wine policy initiated in 1930 as a result of over-production in France and French North Africa, following a rapid increase in production in 1928 and 1929. The mixing

---

[1] Here including the whole of Italy.

Table 95

IMPORTS OF SELECTED COMMODITIES INTO SPECIFIED COUNTRIES BY AREA OF ORIGIN [a]

Thousands of tons

Commodity	Importing country / Area of origin	United Kingdom			Germany			France			United States			TOTAL of countries listed			All other countries		
		1928	1934	1950–52	1928	1934	1950–52	1928	1934	1950–52	1928	1934	1950–52	1928	1934	1950–52	1928	1934	1950–52
Wine [b]	Southern Europe . .	37	37	24	74	54	55	461	47	10	—	6	10	572	144	99	240	200	250
	Affiliated countries .	10	19	9	..	..	..	762	1226	1119	..	..	..	772	1245	1128	..	..	..
	Other countries . . .	15	10	13	25	8	23	6	2	1	—	9	9	46	29	46	..	..	..
	Total	62	66	46	99	62	78	1229	1275	1130	—	15	19	1390	1418	1273	..	..	..
Raisins and currants	Southern Europe . .	74	68	51	33	49	28	3	4	5	6	4	—	116	125	84	41	45	55
	Affiliated countries .	18	38	21	..	..	..	—	—	—	..	..	..	18	38	21	..	..	..
	Other countries . . .	35	15	25	11	8	15	4	2	1	—	—	—	50	25	41	..	..	..
	Total	127	121	97	44	57	43	7	6	6	6	4	—	184	188	146	..		..
Grapes	Southern Europe . .	32	40	20	29	39	26	3	3	2	..	..	..	64	82	48	18	25	24
	Affiliated countries .	3	7	15	..	..	..	6	8	6	..	..	..	9	15	21	..	..	..
	Other countries . . .	8	7	2	35	24	35	—	—	—	..	..	..	43	31	37	..	..	..
	Total	43	54	37	64	63	61	9	11	8	..	..	..	116	128	106	..	..	..
Citrus fruit	Southern Europe . .	347	336	187	307	289	245	134	310	245	32	1	2	820	936	679	282	330	350
	Affiliated countries .	32	90	125	..	..	..	20	18	273	..	..	..	52	108	398	..	..	..
	Other countries . . .	97	230	117	8	51	79	1	10	21	4	4	8	110	295	225	..	..	..
	Total	476	656	429	315	340	324	155	338	539	36	5	10	982	1339	1302	..	..	..
Almonds and hazelnuts	Southern Europe . .	13	18	21	27	36	23	3	9	10	15	4	6	58	67	60	28	33	42
	Affiliated countries .	—	—	—	..	..	..	1	1	2	..	..	..	1	1	2	..	..	..
	Other countries . . .	4	2	1	1	2	3	1	—	—	1	—	—	7	4	4	..	..	..
	Total	17	20	22	28	38	26	5	10	12	16	4	6	66	72	66	..	..	..
Olive oil	Southern Europe . .	5	8	1	1	1	—	1	3	—	35	24	22	42	36	23	99 [c]	37 [c]	19 [c]
	Affiliated countries .	—	—	—	..	..	..	17	23	27	..	..	..	17	23	27	..	..	..
	Other countries . . .	5	2	1	—	1	1	—	—	1	3	1	3	8	4	6	..	..	..
	Total	10	10	2	1	2	1	18	26	28	38	25	25	67	63	56	..	..	..
Tobacco	Southern Europe . .	1	—	3	31	28	12 [c]	1	1	10	18	17	30	51	46	55	48 [d]	20 [d]	33 [d]
	Affiliated countries .	20	22	64	..	..	..	11	8	12	..	..	..	31	30	76	..	..	..
	Other countries . . .	78	86	67	82	69	36	19	19	7	16	9	15	195	183	125	..	..	..
	Total	99	108	134	113	97	48	31	28	29	34	26	45	277	259	256	..	..	..
Sardines	Southern Europe . .	4	4	2	9	13	3	12	11	2	2	2	2	27	30	9	42	30	23
	Affiliated countries .	—	—	—	..	..	..	2	6	20	..	..	..	2	6	20	..	..	..
	Other countries . . .	1	1	5	12	5	5	—	—	—	11	8	8	24	14	18	..	..	..
	Total	5	5	7	21	18	8	14	17	22	13	10	10	53	50	47	..	..	..
Cork	Southern Europe . .	48	47	41	37	30	18	4	7	2	89	48	100	178	132	161	56 [d]	53 [d]	106 [d]
	Affiliated countries .	1	—	—	..	..	..	5	21	23	..	..	..	6	21	23	..	..	..
	Other countries . . .	2	1	2	13	8	12	1	—	—	36	8	29	52	17	43	..	..	..
	Total	51	48	43	50	38	30	10	28	25	125	56	129	236	170	227	..	..	..

Sources : National trade statistics.

[a] Data based on trade statistics of importing countries. For imports into “ Other countries ”, however, trade statistics of exporting countries were used.

[b] Millions of litres.

[c] This figure is considerably lower than the total reported by exporting countries (see Table 100), presumably because of imports into customs warehouses in 1952.

[d] Not including exports from Italy.

Table 97

EXPORTS OF WINE FROM SOUTHERN EUROPE BY COUNTRIES OF DESTINATION

Millions of litres

Country of destination	Type of wine	Italy [a]			Spain			Portugal		
		1928	1938	1952	1928	1934	1951	1929	1938	1952
United Kingdom	Common	1	—	—	2	2	—	—	—	—
	Fine	2	2	1	11	14	16	30	18	7
France	Common	2	1	1	457	24	—	5	—	—
	Fine	—	—	1	9	2	—	8	11	4
Germany	Common	6	30 [b]	10	14	9	4	—	1	2
	Fine	2	2	6	7	10	9	2	2	2
Switzerland	Common	36	43	36	8	43	23	—	6	1
	Fine	1	1	1	—	1	2	..	..	..
Other western European countries	Common	9	—	28 [c]	35	9	3	1	4	6
	Fine	2	2	5	10	13	6	11	12	12
All other countries	Common	24	55	15	34	22	23	33	27	76
	Fine	5	8	8	10	7	16	4	3	4
Total of countries listed	Common	78	129	90	550	109	53	39	38	85
	Fine	12	15	22	47	47	49	55	46	29
	TOTAL	90	144	112	597	156	102	94	84	114

Sources : National trade statistics.

[a] Exports from the whole of Italy. The share of southern Italy in this total is probably very small.

[b] Including Austria.

[c] Of which 23 to Trieste.

of foreign with French wines was prohibited and import quotas for foreign wines were introduced. These measures had catastrophic effects on Spanish exports of common wine,[1] which fell from an average of 3.6 million hl. in the years 1924 to 1928 to no more than 0.7 million hl. in the years 1934 to 1937. Greek, Portuguese and Italian exports of wine to France also fell. Wine from French North Africa, on the other hand, could enter France freely, and production doubled during the 'thirties.

Apart from France, only Austria, Germany and Switzerland offer substantial markets for common wine. Imports into Germany fell during the 'thirties owing to an increase in the tariff from 55 per cent *ad valorem* in 1928 to 122 per cent in 1937. Only Switzerland has continued, up to the present time, to import substantial quantities of common wine.

While southern European exports of common wine are concentrated on a few countries, heavy wines have more diversified markets. The total quantities exported from Italy, Spain and Portugal have been stagnating since the 'twenties, largely because of competition from France, Australia and South Africa. In the case of port wine, higher duties in the United Kingdom (the main importing country) have brought a reduction in the consumption of port wine, only partly offset by an increase in "port style" (based on Australian wine). Although Portugal's exports to other markets were maintained, the shrinkage of its sales to the United Kingdom entailed, by 1952, a decline in its total exports of heavy wine to no more than half of what they had been in 1929. Recently, a large-scale advertising campaign for port wine, financed by Portuguese funds, has been launched in the United Kingdom.

Spanish sherry and Italian vermouth have fared better, probably because of their character as pre-dinner drinks, although they too have been affected by increasing competition from South Africa and France, respectively.

Consumption of wine in Europe is largely concentrated in the producing countries, amongst which the main importers are also to be found. In those western European countries where wine is not produced, *per capita* consumption is extremely low, ranging from 1 to 5 litres annually and consisting mainly of heavy wines. In recent years there has been some increase in the consumption of table wine in these countries, assisted, in the case of the United Kingdom, by a 50 per cent reduction (in 1949) of import duties on light wines.[1] But, on the whole, the prospects for expanded markets in western Europe are slender, unless the structure of taxation (tariffs and internal taxes) were to be modified so as no longer to discriminate in favour of beer and other home produced kinds of alcoholic drink.

---

[1] This sudden blow to Spanish wine exports is comparable to the crises which in earlier decades had disorganized south Italian wine exports (see Chapter 12).

Raisins and currants are among the chief export commodities in Greece and Turkey, accounting before the war for 20 to 25 per cent of Greek and about 10 per cent of Turkish exports.

Southern European exports of these dried fruits did not grow during the inter-war period, and in the case of Spain there was even a sharp decline. The marketing difficulties were much enhanced by the emergence, in the 'twenties, of keen competition from California and Australia. Post-war exports from southern Europe have remained far below the pre-war level (see Table 98) largely because of the slow recovery of the German market and competition from California, which is strengthened by export subsidies.

Table 98

EXPORTS OF RAISINS AND CURRANTS FROM TURKEY AND GREECE BY COUNTRIES OF DESTINATION

Thousands of tons

Country of destination	Turkey			Greece		
	1928	1938	1952	1928	1938	1952
United Kingdom	14	2	12	60	45	38
France	—	1	1	1	1	2
Germany [a]	23	66	12	12	36	18
Other western European countries	15	8	17	18	15	23
Eastern Europe and the U.S.S.R.	1	5	—	—	4	—
All other countries	2	1	2	5	3	5
Total [b] of countries listed	55	83	44	96	104	86

Sources : National trade statistics.

[a] 1952 data refer to western Germany only.

[b] Of the Greek totals, currants accounted for 82, 74 and 48 thousand tons, respectively.

Although a modest increase in exports from Greece and Turkey may be possible in the next few years, the long-term prospects for exports of raisins and currants are far from encouraging. The markets for dried fruit were created at a time when fresh fruit could not, at least without high cost, be transported over long distances. With the continuous improvement in transport techniques for perishable fruit and with the development of other forms of conservation than drying, it can be expected that demand for raisins and currants will not rise and may even decline. The perennial weakness of the raisin market is reflected in the widespread use of export subsidies. In Turkey, for instance, guaranteed prices to growers and minimum export prices involve an export subsidy of between $2 and $3 per 100 lb (the higher premium applying to exports to dollar markets), equivalent to 20 to 25 per cent of the export price.

The area devoted to the highly specialized culture of *table grapes* in southern Europe has at least doubled since the 'twenties. Nevertheless, exports of fresh grapes have failed to expand during recent decades,[2] and in the years 1950 to 1952 exports were even lower than before the first World War despite the disappearance from western European markets of such large suppliers as Bulgaria and Hungary. Competition with exports from southern Europe is now mainly from France, Algeria, the Union of South Africa and the Netherlands. The advantage of the latter country, where grapes are grown in hot-houses, is that the ripening period can be staggered so as to allow an orderly marketing. It is, however, possible to extend the marketing period for southern European grapes also by planting special early and late varieties. In this way it may be possible substantially to increase sales to north-western Europe.

The possibilities of increasing outlets for southern European vine products through increased consumption of non-alcoholic grape beverages are probably very limited, partly because of consumer preference for " soft drinks " from other fruits and partly because, with the techniques presently employed, grape juice is not sufficiently durable to allow continuous marketing throughout the year.

---

[1] Even so, import duties are higher than before the war : 13*s*. and 50*s*. a gallon for light and heavy wines, respectively, against pre-war duties of 4*s*. and 8*s*.

[2] There may, however, have been a continuous shift in the composition of exports of fresh grapes towards a larger share of high-quality table grapes.

To sum up, even if discriminatory taxation of alcoholic drinks in favour of home production were abolished in the north-western European countries, and there were some increase in sales of table grapes, the general problem of over-production of vineyard products in southern Europe can hardly be solved by an expansion of demand. A curtailment of the supply, on the other hand, encounters serious social obstacles in view of the surplus of manpower in agriculture and the difficulty of substituting other labour intensive crops on much of the land now used as vineyards. How difficult it is to reduce viticulture can be seen from the fact that even France, with a stronger economy than those of southern European countries and with a very different demographic situation, has been unable so far to tackle this problem, despite the grave economic and social implications of the French over-production of wine.

Citrus Fruit

World production of citrus fruit has expanded rapidly during the last four decades. This expansion, however, has been mainly in overseas countries, especially since the 'twenties. Southern Europe's share in world trade in citrus fruit has thereby declined from 80 per cent in the period 1909 to 1913 to 55 per cent in 1934 to 1938 [1] and 50 per cent in 1950 to 1952. In absolute terms, southern Europe's exports of citrus fruit in recent years (980,000 tons) are only slightly higher than before the first World War, when they amounted to 910,000 tons.[2]

The increase in consumption of citrus fruit in western Europe has thus mainly benefited non-European countries such as Israel, French North Africa, the Union of South Africa and some British colonies. The United Kingdom and France took virtually all their requirements from southern Europe before the first World War. Largely as a result of preferential arrangements with their affiliated territories, they now take less than half their imports from southern Europe.

Spain is by far the largest southern European exporter of citrus fruit. During the first post-war years, production lagged far behind the level of the years before the civil war, largely because of lack of fertilizers. In more recent years, production has again reached that level, but exports are lower and the uncertain prospects of finding outlets for the exportable surplus led in 1953 to a complete prohibition of new planting. The Government has also launched a scheme for building refrigerator storehouses in order to reduce the losses of fruit during the harvesting season and generally to improve the quality of oranges and other fruit.

In the United Kingdom, total consumption of citrus fruit is now considerably smaller than before the war, mainly, it would seem, because of the greatly increased home production of other fruit. Since citrus fruits are not subject to quantitative restrictions, the discrimination against southern European products amounts only to a relatively modest tariff of 10 per cent (which does not apply to the Commonwealth exporters). Nevertheless, imports from southern Europe in 1952 were only about half the pre-war level (Table 99).

Table 99

EXPORTS OF CITRUS FRUIT FROM ITALY AND SPAIN BY COUNTRIES OF DESTINATION

Thousands of tons

Country of destination	Italy				Spain			
	1913	1928	1938	1952	1914	1928	1934	1952
United Kingdom	50	46	35	20 [a]	232	346	276	166
France	4	17	25	10 [a]	96	213	269	231
Germany [b]	58	115	125	144	83	162	183	180
Other western European countries	147	76	71	74	65	147	182	236
Eastern Europe and the U.S.S.R.	52	48	62	30	—	—	3	—
United States	113	33	—	—	—	1	—	—
All other countries	12	10	14	38	5	1	4	10
Total of countries listed	436	345	332	316	481	870	917	823
of which : oranges	131	123	131	161	478	859	885	779
lemons	305	222	201	155	3	11	32	44

Sources : National trade statistics. [a] Partly estimated. [b] 1952 data refer to western Germany only.

---

[1] For Spanish exports, only the years 1934 and 1935 have been considered.

[2] See Table 91, Chapter 16.

With the decline in British consumption, France has become the biggest single market for citrus fruit in western Europe. Total French imports of citrus fruit have increased conspicuously, doubling between 1928 and 1934 and increasing by one-half from 1934 to the present time. But because of special import regulations, Spain has not benefited from this increase, which has been largely reserved for Algeria and French Morocco, where production has almost quadrupled since the pre-war years. In the most recent agreement, Spanish exports to France are limited to 220,000 tons, the delivery of which is strictly controlled, with fixed weekly quotas varying according to the marketing season for North African oranges.

Western Germany, without preferential suppliers, imports about as large quantities from southern Europe as did the whole of Germany before the war and is by far the largest single market for Italian lemons and oranges.

On the whole, consumption of citrus fruit is still relatively low in most western European countries. Typically, it amounts to some 10 kg. per head, which may be compared to a *per capita* consumption in the United States of 40 to 50 kg. This striking difference reflects in part the fact that, in the United States, fresh citrus fruit is available throughout the year, whereas the marketing of Mediterranean fruit is limited to the winter months. More important, however, is the fact that, in the United States, citrus fruit is consumed mainly in the form of canned juice. The expansion of consumption in the United States has also been the result, to a large extent, of advertising and special freight rates across the continent.

Even without approaching the American level, there seems to be scope for a considerable increase in European consumption. Such an increase is desirable from a nutritional point of view, and it would probably have to be accompanied by a shift towards consumption in processed form, so as to circumvent the seasonality of the marketing of citrus fruit. It would, however, involve investment—not only in processing industries, but also in sales promotion—on a scale which is unlikely to be embarked upon by exporting industries unless they can feel reasonably assured of continued access to the main markets.

Exports to eastern European countries and the U.S.S.R. have been small in post-war years. If there were a revival of East-West trade in Europe, exports of citrus fruit could undoubtedly expand considerably.

Tobacco

World production of oriental types of tobacco is largely concentrated in south-eastern Europe, where Turkey, Greece and Bulgaria are the most important producers.[1] With the increase in cigarette-smoking during the last decades, production of oriental tobacco has expanded faster than total tobacco production, although not so rapidly as the flue-cured tobacco used in American-type cigarettes.

Total estimated production of oriental tobacco increased from 140,000 tons in 1920–1924 to 180,000 tons in 1935–1939. In recent years it has been about 200,000 tons. Whereas Greece has still barely reached the pre-war volume of production after the dislocation and loss of export markets during the war, production in Turkey is now 50 per cent higher, and Yugoslav production is almost twice as high as before the war.[2]

Tobacco is of crucial importance for the export trade in Greece, accounting for almost half of total exports. In the 'thirties, the virtual disappearance of Italian demand for Greek tobacco, because of increased home production, dealt a heavy blow to the industry. German and American markets, however, were stable and the decline in total exports was not more than 6,000 tons between the periods 1925 to 1929 and 1934 to 1938 (Table 100). After the war, Greek exports have recovered only slowly because of low production, stiff competition from Turkey and the slow increase in German tobacco imports.

Turkish tobacco had already made severe inroads on markets previously held by Greece, because of the decline in Greek production during the second World War and the Civil War which followed. The competitive position of Greek against Turkish tobacco was further weakened because of an irrational system of subsidies and price guarantees, under which each village was assured a price in a fixed proportion to the price obtained by it in a pre-war base period. Under this system there was no incentive for producers to keep up the quality of the tobacco and, in addition, lavish credits to the tobacco trade reduced the incentive to export, and stocks accumulated. In 1952, the system of subsidies was revised, and the devaluation in the middle of 1953 further helped to restore the competitiveness of Greek tobacco, so that stocks could be reduced considerably.

Turkish tobacco exports, too, were affected by the loss of the Italian market in the 'thirties and total exports fell by 5,500 tons compared with the 'twenties. Post-war exports reached a level of 55,100 tons during 1950–1952. This was partly a result of the switch of American purchases from Greece to Turkey during and immediately after the war. Whereas Germany

---

[1] Outside Europe, increasing quantities are produced in, for example, the Rhodesias.

[2] Tobacco production in Spain (not of oriental type, however) has expanded rapidly, from 7,000 tons before the war to an average of over 20,000 tons in the years 1950-1952; but this is intended exclusively for domestic consumption.

Table 100

EXPORTS OF LEAF TOBACCO FROM SOUTHERN EUROPE BY COUNTRIES OF DESTINATION

Thousands of tons

Country of destination	Turkey			Greece			Yugoslavia		
	1925–29	1934–38	1950–52	1925–29	1934–38	1950–52	1928	1938	1950–52
United Kingdom	0.2	0.3	3.0	0.5	0.4	0.7	—	—	—
France	0.3	0.2	1.8	0.3	0.7	5.4	—	0.5	3.0
Germany [a]	6.7	12.9	7.3	18.8	20.9	10.9	0.1	—	0.5
Italy	13.0	1.2	1.0	11.3	1.1	1.6	—	—	0.7
Other western European countries	2.3	3.5	9.6	4.6	5.9	6.7	0.1	—	2.4
Total western Europe	22.5	18.1	22.7	35.5	29.0	25.3	0.2	0.5	6.6
Eastern Europe and the U.S.S.R.	3.2	1.5	4.4	1.1	3.3	—	2.6	5.0	—
United States	5.8	9.4	24.5	10.0	8.7	5.5	—	—	0.5
Other countries	4.3	1.4	3.5	3.1	2.8	2.1	—	—	0.4
Total of countries listed	35.8	30.4	55.1	49.7	43.8	32.9	2.8	5.5	7.5

Sources: *Tobacco*, FAO Commodity Series, Bulletin No. 20, Rome, October 1952, and national trade statistics.

[a] 1950–52 data refer to western Germany only.

still takes much less than before the war, exports to other European countries have increased substantially. The dollar shortage and the loss to western Europe of Bulgarian supplies have thus mainly benefited Turkey (and to a smaller degree Yugoslavia). Turkey has also been able to expand its sales of tobacco in eastern European countries owing to the absence of ordinary trading relations between these countries and Greece and Yugoslavia. In 1954, however, Greek exports of tobacco to the Soviet Union are expected to reach 7,000 tons, and there also seem to be better possibilities of tobacco exports to other eastern European countries.

A change in consumption habits towards Virginia cigarettes has undoubtedly occurred. It has, however, been most marked in Germany where, before the war, consumer preference was to some extent overruled by considerations of commercial policy. The decrease, after the war, in German imports of oriental tobacco has been offset by increased imports into other western European countries, so that the share of oriental type in total western European tobacco imports has remained virtually unchanged (Table 101). In particular, a new market for oriental tobacco has been found in France despite a considerable increase in home production.

Table 101

PRODUCTION AND IMPORTS OF TOBACCO BY WESTERN EUROPE

Thousands of tons

Country	1934–1938			1950–1952		
	Production	Total imports	of which : oriental tobacco [a]	Production	Total imports	of which : oriental tobacco [a]
United Kingdom	—	125	1	—	134	4
France	36	29	1	52	29	10
Germany [b]	31	97	46	26	48	20
Italy	44	3	3	76	3	3
Other western European countries	8	90	13	7	108	20
Total western Europe	119	344	64	161	322	57

Sources: *Yearbooks of Food and Agricultural Statistics*, Production–1951 and Trade–1952, FAO. *Monthly Bulletin of Agricultural Economics and Statistics*, November 1953, FAO; national trade statistics.

[a] Imports from Turkey, Greece, Yugoslavia and Bulgaria. Based on trade statistics of exporting countries, except for post-war exports from Bulgaria, which are derived from trade statistics of the importing countries.

[b] Post-war averages refer to western Germany only.

The relative stability of European consumption of oriental tobacco has, however, been possible only at the cost of a decline in its price in relation to that of American tobacco. Although it is true that the share of flue-cured in American exports has increased and although the quality of oriental tobacco has probably fallen, this relative price decline is nevertheless striking (Table 102).

Table 102

PRICES OF TURKISH AND GREEK TOBACCO AS A PERCENTAGE OF UNITED STATES TOBACCO PRICES

Year	Relative price [a] of exports from :		Relative price [b] of imports into :			
			United Kingdom from :		Germany from :	
	Turkey	Greece	Turkey	Greece	Turkey	Greece
1938	106	133	111	182	195	210
1952	80	93	66	63	79	94

Sources : See Table 100.

[a] Average export price for Turkish and Greek tobacco as a percentage of the average export price for United States tobacco.

[b] Average British and German import prices for Turkish and Greek tobacco as percentages of British and German import prices for United States tobacco.

In these circumstances, the question has often been asked whether the southern European tobacco-producing countries could not attempt to grow American types of tobacco. This solution would have obvious advantages from the broader point of view of making Europe more independent of supplies from the United States. The question is more complex when considered from the point of view of the long-term interest of the southern European countries concerned.

Tobacco production is very sensitive to soil and climate and the variety grown in a certain area has, through a continuous process of adaptation, become a function of these factors. Therefore, it would be awkward, if not impossible, to introduce American varieties on a part of the areas now used for oriental tobacco, and if Greece and Turkey were to take up the production of American-type tobacco it would imply an increase in the total area under tobacco.[1] In view of this, it is understandable that the countries concerned have hesitated to promote the growing of American-type tobacco. Before such a step could be taken, it would have to be reasonably clear, first, that American-type tobacco can be produced in a quality which is fully competitive and not just acceptable as a substitute in a period of dollar shortage, and, secondly, that the shift in taste towards American-type cigarettes is really genuine and lasting.

It is probably too early to answer this latter question. It must, however, be remembered that the shift in consumption towards American-type cigarettes in Germany (by far the most important market in this connection) took place under very special conditions. During the first post-war years of " tobacco starvation ", practically all the tobacco available, largely through illegal channels, was of American type, and in the immediately following years (from 1948 onwards) the increasing supplies were almost exclusively of American tobacco imported under the E.R.P. programme. Thus, the share of oriental-type tobacco in total German consumption, which was about nine-tenths before the war, was reduced to a few per cent. In recent years, however, German imports of oriental tobacco have been increasing, and it is also reported that the recent reduction of tobacco taxes has led to a shift in consumption towards the more expensive cigarettes, which are of oriental type.

Furthermore, there is a rather stable demand for blended cigarettes of American type which normally contain about 10 per cent of oriental tobacco. In the United States, however, blended cigarettes now contain a lower percentage of oriental leaf than before the war. This shift has occurred despite the decline in the relative price of oriental tobacco and a reduction in import duties from 43 per cent *ad valorem* in the 1930 tariff to 19 per cent.

To sum up these conflicting tendencies, there seem to be reasonable prospects for the southern European tobacco-exporting countries to maintain and perhaps somewhat improve the present market position for oriental tobacco.

---

[1] Moreover, oriental tobacco is air-cured, which means that investment in curing barns (necessary for the flue-cured and fire-cured varieties) is not needed. Although oriental tobacco gives lower yields per hectare (since the plants are much smaller), it is more suitable for southern European conditions because higher-yielding varieties would require irrigation and large quantities of fertilizer.

Appendix A

SUPPLEMENTARY STATISTICS

Table I

INDEX NUMBERS OF INDUSTRIAL PRODUCTION IN WESTERN EUROPE

Country	Percentage share of total in 1952 [a]	1950 = 100										
		1948	1949	1951	1952	1952				1953		
						First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third [b] quarter
Austria	2.2	63	84	114	115	114	116	115	114	106	116	119
Belgium	3.7	98	98	115	112	113	112	105	115	108	113	109
Luxembourg	0.3	100	95	123	123	127	122	118	122	117	121	106
Denmark	1.7	84	89	102	98	99	101	91	102	101	102	94
Finland	0.8	88	93	116	110	117	109	97	116	108	109	108
France [c]	13.8	90	94	109	108	123	121	107	120	118	119	101
Saar	0.4	73	91	122	128	128	130	126	127	124	129	123
Western Germany	21.8	55	79	119	128	121	125	126	141	129	137	138
West Berlin	0.8	96	70	144	155	144	146	155	175	168	173	182
Greece [c]	0.7	66	79	114	114	114	113	110	115	110	122	133
Ireland	0.6	78	88	103	97	97	97	93	103	101	109	108
Italy	8.2	79	87	113	116	113	116	112	122	119	124	125
Netherlands	3.3	81	91	104	106	104	103	103	114	113	117	115
Norway	1.2	81	89	107	108	117	105	96	112	117	109	103
Sweden	4.3	92	95	104	103	106	108	90	109	106	109	86
Turkey [c]	1.0	87	99	104	118	110	115	119	127	..	..	..
United Kingdom	33.3	87	93	105	101	107	101	91	105	107	108	99
Yugoslavia	1.9	85	96	104	103	93	104	103	114	99	113	117
Total of countries listed	100.0	81	90	110	110	113	112	104	117	114	118	111

Sources and methods: See Appendix B.

NOTE. — (i) The index numbers relate to mining and quarrying, manufacturing, and gas, water and electricity production but not building, i.e., Divisions 1, 2-3, and 5 of the *International Standard Industrial Classification of all Economic Activities.*

(ii) The index numbers are corrected for the number of working-days for Belgium, Luxembourg, Denmark, France, Saar, Western Germany, West Berlin, the Netherlands (except chemicals), Norway and Sweden; in other words, the influence of public holidays is eliminated but not that of other absence from work. The index numbers for the United Kingdom are for a standard week, uncorrected for holidays, but an adjustment is made for the changing position of Easter. The other index numbers [Finland, Greece, Ireland, Italy, Netherlands (for chemicals), Spain (for sectors), Turkey and Yugoslavia] are for calendar months or quarters with no adjustments. For Austria, the index numbers always refer to a thirty-day month, thereby correcting for the varying number of days in the month. Annual index numbers are not always the averages of the quarterly index numbers owing to the difference in length of the quarters.

[a] The percentages are obtained by applying the volume index numbers for 1952 (*1938 = 100*) to 1938 weights, which are proportional to estimated net output in that year. The figures thus calculated take no account of shifts in relative prices since 1938.

[b] Provisional.

[c] For France, the annual index numbers include, in addition to industries included in the quarterly index numbers, manufactures of food, beverages, woodworking and clothing; for Greece, they include lignite mining, and for Turkey the production of sugar and wine.

1950 = 100

1950 = 100

1950 = 85

Table II

INDEX-NUMBERS OF EMPLOYMENT IN INDUSTRY IN WESTERN EUROPE

Country	Number of wage and salary earners employed in mid-1953 *(millions)*	*1950 = 100*										
		1948	1951	1952	Dec. 1951	March 1952	June 1952	Sept. 1952	Dec. 1952	March 1953	June 1953	Sept. 1953 [a]
Austria	0.8	86	105	103	106	104	103	103	100	100	101	103
Belgium	1.1	104	104	102	103	102	101	102	101	100	98	98
Denmark [b]	0.5	89	99	94	95	98	98	100	94	99	102	105
Finland [c]	0.4	96	103	98	101	100	98	96	94	93	94	94
France	4.4	99	102	101	102	102	101	101	100	99	99	100
Saar	0.2	89	105	108	107	107	107	109	109	109	109	109
Western Germany	7.4	87	108	112	110	110	113	115	114	113	117	119
West Berlin	0.3	. .	116	117	114	118	114	122	117	121	120	127
Ireland [d]	0.1	89	101	96	101	97	94	95	97	102	103	. .
Italy	3.0	102	101	101	99	99	100	104	100	100	100	. .
Netherlands	1.1	91	103	100	100	100	99	101	100	102	103	104
Norway	0.3	94	102	101	100	101	103	101	100	101	104	102
Sweden	0.9	101	102	99	101	100	98	99	97	96	96	96
Switzerland	0.8	109	109	112	113	112	112	112	112	111	112	112
United Kingdom [d]	10.0	96	102	102	103	102	101	101	102	102	102	103
Total of countries listed	31.3	96	104	104	104	104	104	105	104	104	105	106

Sources and methods : See Appendix B.

Note. — The index numbers relate as nearly as possible to wage and salary earners in mining and quarrying, manufacturing and gas, water and electricity production, but not building—i.e., Divisions 1, 2-3 and 5 of the *International Standard Industrial Classification of all Economic Activities.*

[a] Provisional.

[b] Index numbers based on man-hours worked.

[c] As the index number for 1950 is the average of beginning of quarter data, it does not reflect the September strikes.

[d] Index numbers include employers as well as employees.

Table III

INDEX NUMBERS OF ENERGY PRODUCTION

Country	1950 = 100										
	1948	1949	1951	1952	1952				1953		
					First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter [a]
Austria [b]	81	87	116	123	120	124	126	124	121	130	138
Belgium	98	100	114	122	125	122	115	124	124	126	121
Luxembourg	. .	91	114	117	120	115	114	119	120	122	123
Denmark	89	93	114	123	136	104	105	143	145	100	106
Finland [c]	75	87	110	112	113	105	104	127	127	120	123
France	84	94	111	117	122	114	109	124	124	115	102
Saar	82	96	109	110	111	108	109	110	114	110	104
Western Germany	72	87	115	124	124	119	121	134	132	127	129
Italy	80	81	122	138	129	137	140	147	146	151	156
Norway [d]	75	90	101	107	118	103	92	114	117	104	100
Spain [d]	92	86	116	119	122	119	114	120	117	127	. .
Turkey [b]	90	97	110	118	117	111	111	139	. .	. .	. .
United Kingdom [e]	93	97	105	106	114	103	96	113	117	106	94

Sources and methods : See Appendix B.

Note. — The index numbers cover the production of coal, petroleum, coal and petroleum products, electricity, natural and manufactured gas, steam—i.e. major groups 11, 13, 32 and 51 of the *International Standard Industrial Classification of all Economic Activities.* See also the general note (ii) to Table I.

[a] Provisional.

[b] Excluding manufactured gas.

[c] Including water services.

[d] Excluding the manufacture of petroleum products.

[e] Including water services, excluding petroleum and manufactures of petroleum.

Table IV

INDEX NUMBERS OF METAL-MINING AND METAL-MAKING

Country	1950 = 100										
	1948	1949	1951	1952	1952				1953		
					First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter [a]
Austria	68	87	120	135	125	144	144	126	124	151	165
Belgium	97	102	129	124	135	124	111	127	119	117	104
Luxembourg	..	93	128	130	137	128	123	130	123	125	106
Finland	107	111	136	142	149	137	130	151	123	131	122
France	86	101	115	122	126	129	108	124	115	117	95
Western Germany	48	78	121	134	129	133	133	141	134	129	123
Italy	82	82	128	142	134	144	144	144	125	137	145
Norway	79	89	108	114	115	111	107	123	124	126	115
Spain	81	90	113	122	114	125	121	132	124	132	..
Sweden	93	100	119	120	118	124	109	127	122	133	98
Turkey [b]	61	86	95	136	99	151	165	134	..	..	..
United Kingdom	93	95	107	109	112	112	101	110	110	105	96

Sources and methods : See Appendix B.

NOTE. — The index numbers cover the production of metalliferous ores, primary metal, rolled products, castings, forgings and other basic forms of ferrous and non-ferrous metals—i.e., major groups 12 and 34 of the *International Standard Industrial Classification of all Economic Activities.* See also the general note (ii) to Table I.

[a] Provisional.

[b] The index numbers cover metal-mining only and exclude metal-making since no data are available.

Table V

INDEX NUMBERS OF PRODUCTION IN METAL-USING INDUSTRIES

Country	1950 = 100										
	1948	1949	1951	1952	1952				1953		
					First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter [a]
Austria	52	81	118	125	128	128	123	123	111	105	104
Belgium	110	105	118	115	113	118	109	119	108	109	108
Luxembourg	..	110	97	98	102	97	94	98	99	95	93
Denmark [b]	84	89	108	104	111	109	93	102	102	105	94
Finland [c]	104	110	125	123	134	124	110	125	115	110	98
France	..	94	111	115	134	138	129	137	134	130	108
of which : transport equipment	67	90	109	116	121	118	107	117	120	134	106
Western Germany	45	73	133	150	143	152	146	158	146	157	152
of which : transport equipment	..	..	128	158	141	165	164	164	156	178	176
West Berlin	..	..	149	156	147	148	157	169	160	166	168
Greece [b]	66	76	120	121	125	120	116	124	115	135	154
Hungary [d]	34	70	151	205	143	137	134	..	122	133	..
Ireland	76	89	97	88	91	100	80	82	79	95	94
Italy	78	88	108	116	109	118	111	124	128	132	124
of which : transport equipment	76	84	99	109	97	113	105	120	127	138	132
Netherlands [b]	77	90	108	111	107	113	112	113	120	135	133
Norway	84	91	110	110	119	110	94	117	119	110	97
Sweden	90	95	105	104	114	112	87	105	105	102	79
United Kingdom	86	92	107	107	113	111	96	110	112	112	102
of which : transport equipment	83	92	102	102	106	109	92	107	112	117	107

Sources and methods : See Appendix B.

NOTE. — The index numbers cover the manufacture of metal products, machinery and transport equipment—i.e., major groups 35 to 38 inclusive of the *International Standard Industrial Classification of all Economic Activities.*

The index numbers for the subgroup transport equipment include as nearly as possible the manufacture of and repairs to railway rolling-stock, motor vehicles, bicycles and aircraft but not shipbuilding—i.e., groups 382 to 389 inclusive of the above standard classification. See also the general note (ii) to Table I.

[a] Provisional.

[b] Including metal-making—i.e., major group 34.

[c] Including the manufacture of precision instruments—i.e., major group 39.

[d] Quarterly index numbers are based upon the corresponding quarter of the previous year.

Table VI

INDEX NUMBERS OF CHEMICAL PRODUCTION

Country	1950 = 100										
	1948	1949	1951	1952	1952				1953		
					First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter[a]
Austria	70	81	103	94	92	96	96	94	93	101	107
Belgium	99	104	119	116	123	127	112	101	103	120	106
Luxembourg	..	105	133	128	133	129	122	129	129	134	117
Denmark[b]	80	86	102	92	89	97	90	94	95	98	91
Finland	76	80	116	101	101	102	96	103	108	125	116
France	93	93	113	107	116	110	93	110	109	116	103
Western Germany	56	77	120	123	119	121	121	133	136	145	146
West Berlin	..	..	150	149	143	146	138	169	174	188	183
Ireland	78	92	102	97	106	95	84	104	120	115	101
Italy	76	86	130	119	120	120	115	121	121	135	147
Netherlands[c]	51	54	114	117	114	119	118	114	122	120	..
Norway	61	75	118	113	151	101	100	102	140	99	106
Spain	83	88	114	159	147	148	136	204	202	179	..
United Kingdom[d]	80	87	108	106	113	106	97	112	121	123	..
Yugoslavia	..	..	100	102	100	111	93	104	103	122	115

Sources and methods : See Appendix B.

NOTE. — The index numbers cover the production of basic industrial chemicals, fertilizers, vegetable and animal oils and fats, and other chemical preparations such as soaps, perfumes, medicinal preparations, etc. The production of synthetic fibres and yarns has been excluded wherever possible. The definition corresponds as nearly as possible to that of major group 31 of the *International Standard Industrial Classification of all Economic Activities.* See also the general note (ii) to Table I.

[a] Provisional.

[b] Including petroleum and rubber manufactures.

[c] Including synthetic fibres and yarns.

[d] Including the manufacture of petroleum.

Table VII

INDEX NUMBERS OF TEXTILE PRODUCTION

Country	1950 = 100										
	1948	1949	1951	1952	1952				1953		
					First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter [a]
Austria	54	81	117	100	122	94	81	104	105	100	103
Belgium	82	85	102	85	83	77	77	101	88	92	92
Luxembourg	..	85	87	75	74	74	67	85	87	88	84
Denmark	72	82	90	83	85	80	72	94	93	92	79
Finland [b]	76	86	108	107	106	109	93	120	116	119	95
France	94	93	106	94	106	98	74	98	95	102	84
Western Germany	44	76	111	104	103	87	99	126	113	116	122
Greece	65	74	116	109	118	105	102	111	103	108	119
Hungary [c]	68	86	120	131	119	110	107	..	..	99	..
Ireland	78	85	101	89	96	76	77	110	117	115	116
Italy	87	94	112	96	102	92	88	103	101	104	99
Netherlands [d]	77	90	99	90	90	80	88	102	105	103	104
Norway	75	87	106	92	103	87	76	101	104	91	81
Spain	117	94	96	118	112	115	115	129	131	124	..
Sweden	94	98	100	85	88	89	72	94	96	99	..
United Kingdom	85	92	101	81	91	74	71	91	98	98	90
Yugoslavia [b]	..	..	85	76	77	76	69	82	70	72	66

Sources and methods : See Appendix B.

NOTE. — The index numbers cover the manufacture of textiles including the making of synthetic fibres and yarns, excluding clothing—i.e., major group 23 of the *International Standard Industrial Classification of all Economic Activities.* See also the general note (ii) to Table I.

[a] Provisional.

[b] Including the manufacture of clothing. For Finland, this branch represents about one-third of the total coverage of the index.

[c] Quarterly index numbers are based upon the corresponding quarter of the previous year.

[d] Excluding synthetic fibres and yarns.

Table VIII

INDEX NUMBERS OF PRODUCTION IN THE FOOD, BEVERAGES AND TOBACCO INDUSTRIES

Country	1950 = 100										
	1948	1949	1951	1952	1952				1953		
					First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter [a]
Austria	71	85	106	111	104	107	111	125	103	110	110
Belgium	90	97	103	107	107	110	108	104	104	110	112
Luxembourg	..	98	114	110	102	118	120	99	105	126	117
Denmark	90	93	99	97	93	104	98	94	95	109	101
Finland	74	86	110	112	109	112	102	122	108	119	127
France	72	85	99	89	..	..	..	..	..	..	..
Saar	67	87	105	113	97	121	122	111	117	136	130
Western Germany	71	88	106	113	92	110	110	142	104	123	128
Greece	70	80	110	108	103	117	110	102	104	119	131
Ireland	76	88	101	108	98	113	118	103	99	124	128
Italy	68	83	103	107	107	105	99	116	107	103	103
Netherlands	86	95	101	101	90	101	101	114	90	104	107
Norway [b]	93	98	103	104	100	112	104	100	97	117	110
Sweden	95	101	100	99	93	103	90	110	100	101	88
United Kingdom	93	97	98	101	97	109	98	102	99	116	104

Sources and methods : See Appendix B.

NOTE. — The index numbers cover the production of food manufacturing, beverage and tobacco industries—i.e., major groups 20, 21 and 22 of the *International Standard Industrial Classification of all Economic Activities.* See also the general note (ii) to Table I.

[a] Provisional.

[b] Excluding tobacco.

Table IX

HARD COAL—PRODUCTION, TRADE [a] AND APPARENT CONSUMPTION [b]

Millions of tons

Country	1951	1952	1952			1953		
			Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
Belgium and Luxembourg								
Production	29.7	30.4	7.5	7.0	7.9	7.8	7.6	7.0
Imports	5.6▪	5.1▪	1.3	1.2	1.2	1.1▪	1.3	1.5
Exports	2.4▪	3.6	1.0▪	1.0	1.0	0.9	1.2	1.7
Apparent consumption	32.9▪	31.9▪	7.8▪	7.2	8.1	8.0▪	7.7	6.8
France and Saar								
Production : France	53.0	55.4	13.3	13.2	14.3	14.5	12.9	11.1
Saar	16.3	16.2	3.8	4.2	4.1	4.3	3.9	4.1
Imports	14.1	14.6	3.9	3.2	3.3	3.0	2.7	2.6
Exports	6.1	5.8	1.5	1.5	1.5	1.8	1.8	1.8
Apparent consumption	77.3	80.4	19.5	19.1	20.2	20.0	17.7	16.0
Western Germany								
Production	118.9	123.3	29.0	31.0	31.6	31.8	29.4	31.4
Imports	9.8	12.3	2.4	3.2	2.8	2.5	2.4▪	2.3
Exports [e]	23.6	22.9	5.7	5.8	5.8	5.7	5.5	6.0
Apparent consumption	105.1	112.7	25.7	28.4	28.6	28.6	26.3▪	27.7
Italy								
Production	1.2	1.1	0.3	0.3	0.2	0.3	0.3	0.3
Imports	10.8	8.7	2.0	2.2	2.2	2.3	1.9	2.3
Apparent consumption	12.0	9.8	2.3	2.5	2.4	2.6	2.2	2.6
Netherlands								
Production	12.4	12.5	3.0	3.2	3.1	3.2	3.0	3.1
Imports	5.6	5.6	1.6	1.2	1.1	1.1	1.5	1.4
Exports	1.2	1.4	0.4	0.3	0.4	0.3	0.3	0.4
Apparent consumption	16.8	16.7	4.2	4.1	3.8	4.0	4.2	4.1
European Coal and Steel Community								
Production	231.5	238.9	56.9	58.9	61.2	61.9	57.1	57.0
Imports from non-members	23.0	22.2	4.9	4.9	4.5	3.8	3.1▪	3.0
Exports to non-members	10.0	9.6	2.6	2.3	2.3	2.5	2.1	2.9
Apparent consumption	244.5	251.5	59.2	61.5	63.4	63.2	58.1▪	57.1

Country	1951	1952	1952			1953		
			Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
United Kingdom								
Production	226.5	230.1	56.7	54.1	59.7	59.1	56.2	51.7
Imports	1.2	0.3	—	—	—	—	—	0.3
Exports [b]	12.6	16.8	4.3	4.7	4.3	4.5	4.4	4.3
Apparent consumption [c]	215.1	213.6	52.4	49.4	55.4	54.6	51.8	47.7
Spain								
Production	11.3	12.0	3.0	3.0	3.0	2.8	3.1	3.1
Imports	0.4	1.0	0.3	0.3	0.2	0.3	0.3	..
Exports	0.1	0.1	—	—	—	—	—	—
Apparent consumption	11.6	12.9	3.3	3.3	3.2	3.1	3.4	..
Other western European countries [d]								
Production	6.7	6.7	1.8	1.5	1.6	1.9▪	1.9▪	1.9
Imports	29.7	27.3	6.7	6.7	6.3	5.7	5.5	6.3
Exports	0.1	0.1	—	—	—	—	—	—
Apparent consumption	36.3	33.9	8.5	8.2	7.9	7.6▪	7.4▪	8.2
Total western Europe								
Production	476.0	487.7	118.4	117.5	125.5	125.7▪	118.3▪	113.7
Poland								
Production	82.0	84.5	20.8	21.2	21.1	21.5*	22.0*	22.4
Exports to west. Europe	9.9	7.1	1.5	1.7	2.1	1.4	1.4	1.8
Czechoslovakia								
Production	18.3	19.7	..	..	..	..	..	..
Exports to west. Europe	0.4	0.3	0.1	0.1	—	—	—	0.1
Other eastern European countries [f]								
Production	5.8*	6.3*	..	..	..	..	..	..
U.S.S.R.								
Production [g]	281.0	301.0	..	..	..	..	..	..

---

[a] Including trade in patent fuel and coke.

[b] Including bunkers.

[c] Excluding bunkers.

[d] Including : Austria, Denmark, Finland, Greece, Ireland, Norway, Portugal, Sweden, Switzerland, Trieste, Turkey and Yugoslavia. Production of Norwegian mines in Spitzbergen is shown as Norwegian imports.

[e] Including small amounts delivered to eastern Germany.

[f] Including : Bulgaria, eastern Germany, Hungary, Rumania.

[g] Including lignite production : 1951 production was of the order of 60 million tons.

Table X

PRODUCTION OF ELECTRIC POWER

Billions of kilowatt-hours

Country	1951	1952	1952 Second quarter	1952 Third quarter	1952 Fourth quarter	1953 First quarter	1953 Second quarter	1953 Third quarter [a]
Austria	7.4	8.0	2.1	2.1	2.0	1.8	2.3	2.4
Belgium	9.5	9.5	2.2	2.2	2.5	2.5	2.3	2.3
Luxembourg	0.8	0.8	0.2	0.2	0.2	0.2	0.2	0.2
Denmark	2.4▪	2.6	0.5	0.6	0.8	0.7	0.5	0.6
Finland	4.6	4.8	1.0	1.0	1.3	1.3	1.2	1.3
France	38.3	40.8	9.3	8.8	10.4	10.1	9.5	8.8
Saar	1.7	1.7	0.4	0.4	0.4	0.5	0.4	..
Western Germany	49.2	53.7	12.7	13.7	15.6	15.0	13.7	14.8
Greece [b]	0.7	0.8	0.2	0.2	0.2	0.2	0.2	0.2
Ireland [b]	1.0	1.1	0.2	0.2	0.3	0.3	0.3	0.3
Italy	29.2	30.8	7.8	8.0	7.9	7.6▪	7.8	..
Netherlands	7.5	8.1	1.8	1.9	2.4	2.3	2.0	2.1
Norway	17.8	18.9	4.4	4.2	4.9	4.8	4.5	4.5
Portugal	1.0	1.3	0.3	0.3	0.3	0.4	0.3	0.3
Spain	8.3	8.4	2.1	2.0	2.2	2.1	2.3	..
Sweden	19.4	20.7	4.9	4.8	5.7	5.4	5.4	5.1
Switzerland [c]	12.2	12.7	2.9	3.0	2.6	2.4	3.0	3.2
Turkey	0.9	1.0	0.2	0.2	0.3	0.3	0.2	0.3
United Kingdom [b]	60.4	62.4	13.6	13.0	18.1	18.4	14.8	13.9
Yugoslavia	2.6	2.7	0.6	0.6	0.8	0.7	0.7	0.7
Western Europe	274.9▪	290.8	67.4	67.4	78.9	77.0▪	71.6	71.7*
Bulgaria	1.0	1.4	..	..	..	..	..	..
Czechoslovakia	10.2	11.5	..	..	..	..	..	..
Eastern Germany	20.7	22.4	..	..	..	..	..	..
Hungary	3.3	4.0	..	..	..	..	..	..
Poland	11.1	12.7	..	..	..	..	..	..
Rumania	2.4	2.9	..	..	..	..	..	..
Eastern Europe	48.7	54.9	..	..	..	..	..	..
U.S.S.R.	103.0	116.0	..	..	..	..	..	..

NOTE. — Yearly figures for 1951 and 1952 are of total production of electricity and include, therefore : production of all public utilities; production supplied to the public grid by industrial plants; and production of industrial plants which is consumed *in situ*. Figures for quarters, however, are in some cases less complete. For detailed definitions, see *Economic Bulletin for Europe*. Vol. 5, No. 1.

[a] Provisional.

[b] Public utilities only. United Kingdom figures exclude Northern Ireland.

[c] Annual figures refer to the year ending 30 September of the year indicated.

Table XI. — FINISHED STEEL—PRODUCTION, TRADE AND APPARENT CONSUMPTION *(Thousands of tons)*

Country	1951	1952	1952		1953		
			Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter [a]
Belgium and Luxembourg							
Production : Belgium	4 134	4 132	920	1 073	945	924•	817
Luxembourg	2 524	2 490	596	628	554	566	500
Imports	103	94	16	29	37	39	68
Exports	4 884	4 719	1 064	1 170	1 076	1 099	1 021
Apparent consumption	1 877	1 997	468	560	460	430•	364
France and Saar							
Production : France	7 649	8 340•	1 929	2 227	2 080•	2 009•	1 599
Saar	1 857	2 015•	517•	531•	503•	466•	451
Imports	131	88	11	18	39	17•	44
Exports	3 714	2 561	570	726	848	958•	718
Apparent consumption	5 923	7 882•	1 887•	2 050•	1 774•	1 534•	1 376
Western Germany							
Production	10 646	12 143	3 130	3 222	3 175	2 753	2 770
Imports	123	873	243	503	428	286	209
Exports	2 076	1 769	427	349	290	408	551
Apparent consumption	8 693	11 247	2 946	3 376	3 313	2 631	2 428
Italy (including Trieste)							
Production : Italy	2 502•	2 793•	655•	724	667	633•	652
Trieste	50	42	8	11	12	6	10
Imports	486	504	142	155	164•	141	146
Exports	110	132	25	46	33	45•	58
Apparent consumption	2 928•	3 207•	780•	844	810•	735•	750
Netherlands							
Production	445	464	119	123	161•	173	183
Imports	1 221	1 038	225	255	273	318•	318
Exports	197	152	28	36	42	63	77
Apparent consumption	1 469	1 350	316	342	392•	428•	424
European Coal and Steel Community							
Production	29 807•	32 419•	7 874•	8 539•	8 097•	7 530•	6 982
Net exports	8 917	6 736	1 477	1 367	1 348•	1 772•	1 640
Apparent consumption	20 890•	25 683•	6 397•	7 172•	6 749•	5 758•	5 342
Austria							
Production	760	843•	198	217•	212	193	229
Imports	51	154	42	19•	14	13	7
Exports	166	199	46	56	51	84	109
Apparent consumption	645	798•	194	180•	175	122	127
Spain							
Production	557	583	141	153	134	143	128*
Imports	35	45	10	14	13	18	15*
Exports	5	6	—	—	—	—	—
Apparent consumption	587	622	151	167	147	161	143*
Sweden							
Production	1 025•	1 148•	243	348	315•	276•	265
Imports	761	804	167	133	128	142	154
Exports	169	169	35	53	49	41	40
Apparent consumption	1 617•	1 783•	375	428	394•	377•	379
United Kingdom							
Production	13 141	13 557•	3 123•	3 804•	3 650	3 587	3 167
Imports	452	1 554•	441	357	294	232	235
Exports	1 948	1 937•	412	543	508	504	505
Apparent consumption	11 645	13 174•	3 152•	3 618•	3 436	3 315	2 897
Yugoslavia							
Production	352	335	75	94	86	95	91
Imports	61	105•	9	16	23	31	23
Apparent consumption	413	440•	84	110	109	126	114
Other western European countries [b]							
Production	587•	685•	160•	185•	160	159•	159
Imports	2 235•	2 075•	476•	441•	399•	432•	527
Exports	51•	50•	12•	15•	12	12•	12
Apparent consumption	2 771•	2 710•	624•	611•	547•	579•	674
Total western Europe							
Production	46 229•	49 570•	11 814•	13 340•	12 654•	11 983•	11 021
Czechoslovakia							
Production	2 500*	2 700*	..	..	..	..	..
Eastern Germany							
Production	1 090	1 308	..	..	..	..	..
Hungary							
Production	925*	1 050*	..	..	..	..	..
Poland							
Production	1 859*	2 045*	..	..	..	..	..
Rumania							
Production	442	512	..	..	..	..	..
Total eastern Europe							
Production	6 816	7 615	..	..	..	..	..
U.S.S.R.							
Production	23 900	26 800	..	..	..	..	..

---

[a] Provisional.

[b] Denmark, Finland, Ireland, Norway, Portugal, Switzerland and Turkey.

Table XII. — CONSTRUCTION OF DWELLINGS AND INDICATORS OF TOTAL BUILDING ACTIVITY *(Thousands of dwellings)*

		1949	1950	1951	1952	1951		1952				1953		
						Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter[a]
Belgium :	Dwellings authorized	56.0▪	64.8▪	50.7	49.0	11.1	10.2	13.3	15.0	11.3	9.4	13.3	15.3	12.5
	Houses completed	28.7	35.5	28.2	26.5	. .	. .	. .	. .	. .	. .	. .	. .	. .
	Construction, *index—1950=100*	*92*	*100*	*98*	*98*	*100*	*95*	*90*	*105*	*101*	*96*	*87*	*105*	*106*
Denmark :	Dwellings begun	21.7	21.5	16.8	23.1	2.7	3.9	4.1	6.1	6.9	3.0	3.9	5.8	5.3
	Dwellings under construction[b]	21.1	22.3	17.5	21.6	17.8	16.7	17.5	19.7	22.3	20.6	21.3	22.4	23.2
	Dwellings completed	24.6	20.4	21.5	19.0	5.3	5.0	3.4	3.8	4.3	4.8	3.2	4.7	4.4
	Construction, *index—1950=100*	*88*	*100*	*100*	*101*	. .	. .	. .	. .	. .	. .	. .	. .	. .
Finland :	Dwellings authorized	. .	. .	. .	. .	2.7	3.1	1.6	3.7	3.0	3.2	2.7	4.8	3.4
	Dwellings completed	. .	. .	28.5	31.2	1.6	3.2	3.3	2.1	2.9	4.1	2.5	2.2	2.8
	Construction, *index—1950=100*	*73*	*100*	*96*	*90*	*99*	*108*	*95*	*108*	*84*	*73*	*56*	*74*	*90*
France :	Dwellings begun	80.9	109.4	149.4	129.1	41.5	36.8	32.4	35.1	31.8	29.8	32.9	45.0	53.8
	Dwellings under construction[b]	104.0	145.4	219.9	274.3	204.2	219.9	233.8	248.0	260.3	274.3	284.1	303.6	330.7
	Dwellings completed	62.6	72.1	76.2	81.6▪	17.7	21.5	18.5	21.0	19.6	24.9	23.1	25.4	26.8
	Construction, *index—1950=100*	*102*	*100*	*107*	*112*	*106*	*113*	*106*	*118*	*111*	*111*	*98*	*116*	*108*
Western Germany :	Dwellings authorized	315.5	551.5	469.8	495.3	126.9	109.6	101.0	130.1	137.0	127.3	92.2	155.2	166.7
	Dwellings completed[c]	137.0	291.0	374.8	408.0	. .	. .	42.4	54.1	78.4	183.4	34.3	63.4	96.5
	Construction, *index—1950=100*	*80*	*100*	*117*	*123*	*131*	*125*	*87*	*132*	*144*	*130*	*94*	*155*	*156*
Italy :	Dwellings authorized	121.3	164.8	189.0	. .	32.0	32.5	32.4	38.6	33.7	31.7	35.5	42.4	. .
	Dwellings completed	45.7	73.4	92.6	116.0▪	13.4	16.5	15.1	17.2	17.4	21.2	19.1	20.3	. .
Luxembourg :	Dwellings authorized	1.1	1.2	1.1	0.7	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.3
Netherlands :	Dwellings begun	41.3	61.2	42.8	69.4	9.6	12.1	17.8	19.2	18.5	13.9	17.8	19.2	19.0
	Dwellings under construction[b]	39.2	52.7	36.6	51.3	41.3	36.6	42.5	49.4	53.0	51.3	60.4	64.9	66.9
	Dwellings completed	42.8	47.3	58.7	54.6	15.6	16.6	11.9	12.2	14.9	15.6	8.5	14.6	16.9
	Construction, *index—1950=100*	*95*	*100*	*100*	. .	. .	. .	. .	. .	. .	. .	. .	. .	. .
Norway :	Dwellings under construction[b]	17.4	14.3	25.5	26.7	25.2	25.5	22.0	23.3	30.0	26.7	24.4	29.1	. .
	Dwellings completed	18.3▪	22.4	21.0	32.6	3.9	9.3	7.4	7.9	6.1	11.2	6.9	7.9	7.8
	Construction, *index—1950=100*	*97*	*100*	*95*	*101*	*104*	*100*	*88*	*98*	*112*	*107*	*94*	*110*	*124*
Spain :	Dwellings authorized	. .	. .	. .	. .	5.2	6.2	6.0	6.8	6.8	6.8	6.5	8.5	7.2
	Dwellings completed	. .	. .	. .	. .	3.9	5.1	4.7	4.7	4.5	5.8	4.5	5.3	4.9
Sweden :	Dwellings begun	. .	. .	. .	. .	7.2▪	8.6▪	6.3	6.0	7.5	10.3*	7.3▪	7.7	9.2
	Dwellings under construction[b]	. .	. .	. .	. .	27.1	28.8	28.7	28.6	30.3	31.6▪	31.7▪	33.3▪	37.3
	Dwellings completed	42.5	44.9	40.8	45.6	5.4	6.9	6.4	6.0	5.9▪	9.3	7.2	6.1	5.2
	Construction, *index—1950=100*	*95*	*100*	*104*	*106*	*107*	*105*	*105*	*109*	*108*	*103*	*101*	*110*	. .
Switzerland :	Dwellings authorized	21.7	26.5	26.2	25.0	4.2	2.4	3.8	3.7	3.4	4.0	4.1	5.3	4.8
	Dwellings under construction[b]	10.6	13.6	15.3	14.1	. .	15.3	. .	14.6	. .	14.1	. .	18.3	. .
	Dwellings completed	17.1	21.9	26.8	24.5	4.2	4.3	3.3	3.6	3.9	3.5	3.0	3.2	4.1
	Construction, *index—1950=100*	*95*	*100*	*114*	*110*	*131*	*110*	*98*	*116*	*127*	*103*	*93*	*119*	*130*
United Kingdom :[d]	Dwellings begun	201.9	204.1	219.1	294.5	60.3	54.1	59.6	77.4	84.5	73.0	83.3	96.0	88.4
	Dwellings under construction[b]	195.4	201.4	225.7	280.3	226.5	225.7	231.7	251.7	276.1	280.3	294.1	314.2	322.1
	Dwellings completed	197.6	198.2	194.8	239.9	47.9	54.8	53.6	57.4	60.1	68.8	69.4	75.9	80.6
	Construction, *index—1950=100*	*100*	*100*	*96*	*99*	*97*	*98*	*96*	*98*	*101*	*102*	*101*▪	*103*	. .

NOTE. — All data, except the construction indexes, refer to new and reconstructed dwellings, including temporary dwellings. Repairs are normally excluded.

The construction index numbers cover building and public works, except for Belgium and Denmark, where they refer to building only.

Quarterly figures do not always refer to the whole country, but the annual figures, whenever given, always do.

[a] Provisional.

[b] End of period.

[c] Quarterly data officially published for dwellings completed in 1951 are not prepared on the same basis as those for 1952 and 1953; furthermore, quarterly data for 1952 and 1953 are incomplete and do not represent the annual rate of construction.

[d] Absolute figures for dwellings exclude Northern Ireland.

Table XIII

MOTOR VEHICLES—PRODUCTION, TRADE AND AVAILABLE SUPPLIES

Thousands

Country		1951	1952	1952			1953		
				Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
Passenger cars									
France :	Production	313.9	370.0	94.1	84.3	98.8	92.1	96.1	83.3
	Imports	11.3	7.8	1.5	1.4	1.5	0.9	1.8	1.5
	Exports	93.2	82.8	24.5	18.7	19.8	19.2	23.4	19.0
	Available supplies	232.0	295.0	71.1	67.0	80.5	73.8	74.5	65.8
Western Germany :	Production	267.4	301.1	74.8	78.1	79.9	73.5	94.9	97.8
	Imports	5.1	4.7	1.4	1.6	0.7	0.8	1.6	1.8
	Exports	91.6	100.4	26.1	25.3	27.3	26.6	37.3	35.5
	Available supplies	180.9	205.4	50.1	54.4	53.3	47.7	59.2	64.1
Italy :	Production	118.3•	113.6	30.8	29.9	30.2	30.5	34.8	34.8
	Imports	0.9	1.5	0.5	0.4	0.4	0.3	0.4	0.6
	Exports	22.6	18.9	5.2	4.6	4.4	5.6	7.7	6.7
	Available supplies	96.6•	96.2	26.1	25.7	26.2	25.2	27.5	28.7
United Kingdom :	Production	475.9	448.0	114.6	96.2	123.7	129.2	152.3	146.2
	Imports	2.4	1.5	0.1	—	0.1	—	—	0.6
	Exports	368.6	309.8	83.3	65.1	60.8	67.1	86.4	77.2
	Available supplies	109.7	139.7	31.4	31.1	63.0	62.1	65.9	69.6
Commercial vehicles									
France :	Production	132.6	130.3•	34.1	26.9	30.4	31.4	30.9	27.3
	Imports	2.1	0.9	0.2	0.2	0.1	0.1	0.2	0.1
	Exports	32.0	24.3	6.6	5.1	6.0	5.4	5.6	5.2
	Available supplies	102.7	106.9•	27.7	22.0	24.5	26.1	25.5	22.2
Western Germany :	Production	97.0	110.1	27.8	29.1	28.4	24.8	23.8	26.1
	Imports	5.0	0.4	0.1	0.1	0.1	0.3	0.1	0.3
	Exports	33.5	36.4	10.5	8.7	8.1	8.5	8.7	8.1
	Available supplies	68.5	74.1	17.4	20.5	20.4	16.6	15.2	18.3
Italy :	Production	29.9•	25.0•	6.1	6.0•	6.6	8.0	8.2	7.0
	Imports	3.1	4.8	1.1	1.9	0.9	1.6	3.3	2.6
	Exports	5.4	4.4	0.9	0.8	1.5	1.8	0.9	1.1
	Available supplies	27.6•	25.4•	6.3	7.1•	6.0	7.8	10.6	8.5
United Kingdom :	Production	258.0	241.7	60.6	53.1	64.2	60.9	58.1	54.4
	Imports	3.9	2.4	0.6	0.4	0.7	0.4	0.4	0.7
	Exports	137.1	128.5	34.3	28.3	27.3	26.4	25.8	27.8
	Available supplies	124.8	115.6	26.9	25.2	37.6	34.9	32.7	27.3

NOTE. — In general, chassis as well as complete vehicles are included in production, imports and exports. For France and western Germany, no distinction is made in trade statistics between chassis for passenger cars and for commercial vehicles, and it is assumed that all chassis imported or exported are for commercial vehicles. For Italy trade figures exclude chassis.

Table XIV

INDEX NUMBERS OF THE COST OF LIVING

Country	*1938=100*	*1950=100*											
	1950	1948	1949	1951	1952	1952				1953			
						Jan.	Apr.	July	Oct.	Jan.	Apr.	July	Oct.
Austria	465	69	88	128	150	152	147	149	149	149	136	137	142
Belgium	339	104	101	109	111	113	111	111	112	111	109	111	112
Denmark [a]	185	90	92	112	114	114	114	114	114	114	113	114	114
Finland	945	81	87	120	125	126	124	125	126	126	127	127	129
France	1 890	78	90	117	131	131	132	128	130	131	130	129	127
Western Germany	156	106 [b]	106	108	110	112	110	109	109	110	108	108	107
Greece	30 612	81	93	113	118	118	120	117	117	118	120	131	138
Iceland	511 [c]	81	84	126	142	137	140	141	146	141	140	141	141
Ireland [d]	187	98	99	108	118	113	114	121	122	122	125	124	..
Italy	4 849	100	101	110	114	111	113	115	116	116	117	116	117
Luxembourg	324	91	96	108	110	109	109	110	111	110	108	110	110
Netherlands [e]	239 [f]	86	92	110	110	110	110	110	110	110	110	111	111
Norway	167	95	95	116	126	123	124	128	129	128	128	128	130
Portugal	213 [f]	98	101	99	98	99	98	97	100	100	100	98	101
Spain	529 [g]	86	90	109	107	109	108	106	107	108	110	109	109
Sweden [h]	158	97	99	115	125	121	123	127	127	127	127	126	126
Switzerland	159	102	102	105	107	107	107	107	108	107	106	107	107
Turkey [i]	361	96	105	98	104	102	104	103	105	105	106	108	108
United Kingdom	191	95	97	110	119	116	118	121	121	121	124	124	123

NOTE. — The index numbers for Denmark, Iceland and Luxembourg relate to the beginning of the month; no period is indicated for Spain; for Greece and Turkey, the index numbers are averages for the month; for other countries they relate to the middle of month. For Finland, France, Greece, Italy and Turkey, some or all of the component groups of the index—in particular, food—are derived from averages of price observations made more than once during the month. Indices for Austria, France, Greece, Iceland and Portugal refer to the capital cities of those countries and those for Turkey to Istanbul.

[a] Series adjusted to exclude direct taxes.

[b] June-December 1948.

[c] First quarter 1939 = 100.

[d] Monthly indices refer to the month following that shown—i.e., to February, May, August and November.

[e] Including direct taxes throughout.

[f] 1938/39 = 100.

[g] July 1936 = 100.

[h] Monthly indices refer to the month preceding that shown—i.e., to December, March, June and September.

[i] New series.

Table XV

VOLUME OF CONSUMPTION

1949 = 100

		1951	1952				1953		
		Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
Austria :	Food and tobacco	128	97	105	107	128	104	120	124
	Clothing	129	63	88	71	125	71	96	79
	Total retail sales	129	81	92	90	126	85	94	96
Belgium :	Food (co-operatives)	133	132	128	129	141	140	138	..
	Textiles	97	78	102	90	105	81	97	85
	Food and textiles combined	123	117	121	118	131	123	126	..
Denmark :	Food, drink and tobacco	99	86	89	88	100	89	94	94
	Clothing and shoes	113	87	99	92	131	95	104	92
	Total retail sales	104	85	91	90	110	89	96	95
Finland :	Co-operative retail sales	130	100	123	121	132	97	125•	126
Western Germany [a] *:*	Food	119	114		124		123		..
	Beverages and tobacco	131	134		149		145		..
	Clothing	155	132		183		150		..
	Household goods	167	136		181		155		..
	Travel and entertainment	120	125		136		135		..
		126	121		138		132		
	Total consumption	136	119	127	129	149	126	139	142
Netherlands :	Food	104	100	103	103	107	102	106	106
	Drink and tobacco	106	86	93	92	107	86	94	95
	Durable consumers' goods	88	73	91	87	95	77	96	92
	Total consumption	98	91	99	100	101	93	102	104
Norway :	Food, drink and tobacco	116	97	105	98	112	99	103	104
	Textiles	127	90	117	102	139	87	114	98
	Total retail sales	120	93	106	102	121	93	105	106
Sweden :	Food	99	90	94	93	99	91	93	95
	Clothing	106	77	99	81	116	79	101	79
	Total retail sales	105	85	94	90	107	85	94	91
Switzerland :	Food, drink and tobacco	117	101	107	105	118	102	108	108
	Textiles and shoes	129	88	100	95	136	97	104	99
	Total retail sales	127	97	104	102	127	100	105	105
United Kingdom :	Food	109	99	99	106	108	104	103	106
	Drink and tobacco	112	100	104	113	114	98	108	115
	Clothing and shoes	100	76	92	88	113	80	95	89
	Household goods	103	96	87	91	116	102	106	105
	Travel and entertainment	95	92	102	120	94	92	104	120
	Total consumption	105	95	97	103	108	97	103	105

Sources : See *Economic Bulletin for Europe*, Vol. 4, Nos. 2 and 3, " Notes to the Statistics ".

NOTE. — Index numbers of retail sales may cover only certain types of shop and may not be representative of retail sales as a whole.

[a] The figures shown for the fourth quarter of 1951 relate to the second hal of that year.

Footnotes to Table XVI (page 231).

[a] In general, November 1953.

[b] New series. Mine run bituminous, f.o.b. car at mine.

[c] New series. Durham best gas, f.o.b. Tyne, for home market.

[d] Durham best gas, f.o.b. Tyne, quality 1, for export.

[e] January-June. c.i.f. Swedish east coast.

[g] The import price of $606 per ton also applied to metal produced from imported ore. At the end of May 1952, the ceiling price for imported copper was suspended in order to permit imports from Chile to be resumed.

[h] Nominal.

[i] Fir battens, f.o.b. east coast.

[j] Domestic and Canadian bleached sulphite, f.o.b. mill.

[k] Chemical, dry bleached, unit value of imports from Sweden.

[l] Bleached sulphite, quotation for U.S. market.

[m] Paper rolls, f.o.b. Canadian mills.

[n] Export unit value.

Commodity	Market	Type of price	June 1950	Dec. 1951	Dec. 1952	June 1953	Latest available [a]
Coal	United States	Domestic [b]	6.1	6.3	6.6	6.4	6.3
	United Kingdom	Domestic [c]	7.5	8.1	9.6	10.2	11.4
		Export [d]	12.1	13.1	15.2	15.2	15.2
	Western Germany	Domestic	6.9	7.4	9.0	9.5	9.5
	France	Domestic	10.8	15.1	14.5	14.6	14.6
	Italy	Domestic	18.1 [e]	28.0	20.5	20.5	19.0
	Poland	Export [f]	12.9	24.7	17.5	16.3	16.9
Coke	United States	Domestic	15.7	16.3	16.3	16.3	16.3
	United Kingdom	Domestic	10.1	11.2	12.3	13.4	13.4
	Western Germany	Domestic	11.2	12.5	15.4	16.5	16.5
	France	Domestic	14.7	20.9	20.1	20.3	20.3
	Italy	Domestic	29.4	39.0	35.0	30.9	32.0
Steel scrap	United States	Domestic	43.2	43.4	43.3	39.9	30.2
	United Kingdom	Domestic	10.8	16.7	17.0	17.1	17.1
	Western Germany	Domestic	17.4	21.9	40.5	33.0	33.0
	France	Domestic	12.3	32.6	28.3	36.7	36.7
	Italy	Domestic	16.0	75.2	53.1	44.4	48.0
Pig-iron	United States	Domestic	45	51	54	54	56
	United Kingdom	Domestic	29	32	39	40	40
	Western Germany	Domestic	34	57	69	69	69
	France	Domestic	44	64	61	66	66
	Italy	Domestic	55	83	78	72	71
Steel bars	United States	Domestic	76	82	87	87	92
	United Kingdom	Domestic	60	76	88	87	87
		Export	70	126	137	110	96
	Western Germany	Domestic	54	80	99	97	92
		Export	54	140	116	87	87
	France	Domestic	59	86	86	91	91
		Export	49	135	120	87	87
	Belgium	Domestic	53	84	84	84	83
		Export	53	143	90	87	87
	Italy	Domestic	103	154	150	136	141
Fuel oil (U.S. $ per barrel)	United States	D. and Exp.	3.10	3.36	3.36	3.36	3.46
	United Kingdom	Domestic	5.94	5.64	6.17	5.79	5.88
	France	Import	4.31	5.34	5.40	5.26	5.35
	Italy	Domestic	3.58	4.66	3.90	3.14	3.20
Aluminium	United States	Domestic	386	419	441	452	474
	United Kingdom	Domestic	309	342	457	444	413
	Western Germany	Domestic	411	552	551	531	531
	France	Domestic	480	681	615	615	615
	Italy	Domestic	580	720	644	621	614
Copper	United States	Domestic	485	534	534	655	655
		Import [g]	..	606	739-801	651-797	656-797
	United Kingdom	Domestic	513	626	785	694	656
	Western Germany	Domestic	513	645	812	698	664
	France	Domestic	640	995	1 038	895	866
	Italy	Domestic	520	1 300	875	764	744
Lead	United States	Domestic	262	419	309	298	298
	United Kingdom	Domestic	262	482	283	255	262
	Western Germany	Domestic	276	454	339	247	261
	France	Domestic	326	588	393	372	372
	Italy	Domestic	363	474	379	344	384
Nickel	United States	Domestic	1 058	1 246	1 246	1 323	1 323
	United Kingdom	Domestic	1 063	1 250	1 251	1 332	1 332
Tin	United States	Import	1 715	2 271	2 679	2 040	1 830
	United Kingdom	Auction	1 658	2 557	2 615	1 893	1 724
	Italy	Domestic	2 045	2 972	2 960	2 437	2 160
Zinc	United States	Domestic	344	448	293	260	232
	United Kingdom	Domestic	349	524	303	198	209
	Western Germany	Domestic	321	464	306	203	211
	France	Domestic	429	652	386	314	314
	Italy	Domestic	440	672	348	280	328
Rubber	United States	Domestic	408	573	507	507	507
		Domestic	682	1 147	662	540	454
	United Kingdom	Auction	669	1 055	643	514	437
Cotton	United States	D. and Exp.	745	926	717	732	721
	Brazil	Domestic	794	1 360	1 063	880	853
	Egypt	Export	—	1 530	695	792	800
		Export	957	2 315	787	977	961
Wool	United States	Domestic	3 881	4 080 [h]	3 704 [h]	3 925 [h]	3 859 [h]
		Domestic	1 495	1 632	1 433	1 402	1 400
	United Kingdom	Auction	3 602	3 499	3 524	3 935	3 729
		Auction	1 582	1 853	1 775	1 903	1 955
Jute	United States	Import	361	505	248	309	334
	United Kingdom	Import	317	459	234	279	295
Hessian (U.S. $ per 100 yards)	United States	Domestic	16.4	27.8	12.8	12.9	12.6
	United Kingdom	Domestic	16.7	26.6	15.1	16.3	16.7
	India	Export	14.1	25.8	11.4	12.0	11.3
Hard fibres	United States	Import	525	577	562	527	496
	Mexico	Export	249	507	243	229	229
	United Kingdom	Import	359	539	277	248	248
Rayon yarn	United States	Domestic	1 566	1 720	1 720	1 720	1 720
	United Kingdom	Domestic	947	1 501	1 183	1 317	1 245
	Italy	Domestic	1 624	1 984	1 776	1 776	1 776
Copra	United States	Import	190	187	234	198	237
	Philippines	Export	177	142	173	154	180
	Indonesia	Export	214	181	194	184	160
Sawnwood (U.S. $ per std.)	Sweden	Export [i]	145	256	207	213	215
Wood-pulp	United States	Domestic [j]	136	154	154	154	154
	United Kingdom	Import [k]	127	307	162	143	138
	Sweden	Export [l]	140	250	149	143	143
Newsprint	Canada	Export [m]	96	112	123	123	123
	Finland	Export [n]	87	123	133	118	120
Hides	United States	Domestic	512	410	364	331	337
	South Africa	Domestic	473	430	561	502	563
Sugar	Cuba	Export	93	107	89	80	69
Coffee	United States	Import	1 054	1 191	1 185	1 235	1 290
Cocoa	United States	Import	679	719	678	763	990
Wheat	Canada	Export	69	88	89	76	72

Sources : See *Economic Bulletin for Europe*, Vol. 4, No. 1, page 78.

See preceding page for footnotes to this table.

Table XVII. — BALANCE OF PAYMENTS OF EUROPE AND OTHER AREAS WITH THE UNITED STATES *Millions of current dollars*

Item	Year and quarter	EUROPE			European dependent overseas territories [a]	Overseas sterling area [b]	Canada	Latin American Republics	All other countries	International institutions	TOTAL WORLD
		United Kingdom	Other European countries	Total Europe							
A. Goods and services (total)	1952-III	+ 96	+ 48	+144	+ 15	+ 4	−133	− 41	− 45	+ 7	− 49
	1953-II	+ 95	+134	+229	+ 33	+ 88	−349	− 9	− 35	− 10	− 53
	-III	+119	+180	+299	+ 33	− 11	−102	− 16	− 11	+ 11	+203
Exports to the United States	1952-III	+134	+402	+536	+ 74	+278	+596	+887	+327	—	+2 698
	1953-II	+160	+565	+725	+101	+329	+651	+926	+393	—	+3 125
	-III	+157	+537	+694	+ 90	+259	+630	+875	+350	—	+2 898
Imports from the United States [c]	1952-III	−119	−497	−616	− 70	−215	−724	−769	−425	− 4	−2 823
	1953-II	−137	−557	−694	− 77	−187	−924	−765	−476	− 1	−3 124
	-III	−128	−503	−631	− 71	−214	−766	−731	−443	− 4	−2 860
Services (net)	1952-III	+ 81	+143	+224	+ 11	− 59	− 5	−159	+ 53	+ 11	+ 76
	1953-II	+ 72	+126	+198	+ 9	− 54	− 76	−170	+ 48	− 9	− 54
	-III	+ 90	+146	+236	+ 14	− 56	+ 34	−160	+ 82	+ 15	+165
B. Private donations and movement of private United States capital (total)	1952-III	− 17	+ 75	+ 58	− 1	− 10	+ 13	− 14	+ 20	+ 1	+ 67
	1953-II	− 39	+ 8	− 31	+ 4	+ 38	− 19	− 18	+ 52	− 4	+ 22
	-III	+ 18	+ 16	+ 34	− 5	+ 24	+ 27	− 21	+ 61	+ 2	+122
Private donations	1952-III	+ 7	+ 45	+ 52	—	+ 5	+ 2	+ 15	+ 32	—	+106
	1953-II	+ 9	+ 58	+ 67	—	+ 7	+ 2	+ 12	+ 34	—	+122
	-III	+ 10	+ 66	+ 76	—	+ 9	+ 2	+ 16	+ 36	—	+139
Private United States capital	1952-III	− 24	+ 30	+ 6	− 1	− 15	+ 11	− 29	− 12	+ 1	− 39
	1953-II	− 48	− 50	− 98	+ 4	+ 31	− 21	− 30	+ 18	− 4	−100
	-III	+ 8	− 50	− 42	− 5	+ 15	+ 25	− 37	+ 25	+ 2	− 17
C. Surplus or deficit on goods and services, private donations and capital (A+B)	1952-III	+ 79	+123	+202	+ 14	− 6	−120	− 55	− 25	+ 8	+ 18
	1953-II	+ 56	+142	+198	+ 37	+126	−368	− 27	+ 17	− 14	− 31
	-III	+137	+196	+333	+ 28	+ 13	− 75	− 37	+ 50	+ 13	+325
D. United States Government grants and credits (excluding military aid)	1952-III	+142	+354	+496	+ 8	+ 42	+ 3	+ 45	+177	+ 4	+775
	1953-II	+ 65	+238	+303	− 1	+ 26	+ 1	+135	+102	+ 24	+590
	-III	+ 78	+160	+238	—	+ 57	+ 4	+111	+120	+ 1	+531
E. Changes in foreign holdings of gold and dollar assets (total)	1952-III	−106	−416	−522	− 22	− 6	− 75	− 91	+ 35	− 95	−776
	1953-II	−193	−318	−511	+ 1	− 16	+236	−120	+ 75	− 63	−398
	-III	−134	−454	−588	+ 11	+ 4	− 26	− 47	− 52	− 40	−738
Net increase (−) or decrease (+) in long-term assets [d]	1952-III	− 36	− 28	− 64	—	− 2	− 25	− 2	+ 7	− 2	− 88
	1953-II	− 6	− 9	− 15	—	—	− 6	− 3	+ 1	− 8	− 31
	-III	− 25	+ 23	− 2	—	—	+ 26	− 4	− 2	+ 18	+ 36
Net increase (−) or decrease (+) in short-term balances [d]	1952-III	− 70	−387	−457	− 22	− 1	− 51	− 88	+ 35	− 97	−681
	1953-II	−147	−255	−402	+ 1	− 15	+241	− 94	+ 76	− 47	−240
	-III	+ 11	−343	−332	+ 11	+ 5	− 54	− 35	− 48	− 19	−472
Net purchase (−) or sale (+) of gold	1952-III	—	− 1	− 1	—	− 3	+ 1	− 1	− 7	+ 4	− 7
	1953-II	− 40	− 54	− 94	—	− 1	+ 1	− 23	− 2	− 8	−127
	-III	−120	−134	−254	—	− 1	+ 2	− 8	− 2	− 39	−302
F. Errors, omissions, and inter-regional transfers of dollars	1952-III	−115	− 61	−176	—	− 30	+192	+101	−187	+ 83	− 17
	1953-II	+ 72	− 62	+ 10	− 37	−136	+131	+ 12	−194	+ 53	−161
	-III	− 81	+ 98	+ 17	− 39	− 74	+ 97	− 27	−118	+ 26	−118

Sources: Rearranged from the June 1953 issue of the *Survey of Current Business*, United States Department of Commerce, and from data communicated directly by the Balance of Payments Division, United States Department of Commerce.

[a] Excluding the dependent overseas territories of the United Kingdom.

[b] Including the dependent overseas territories of the United Kingdom.

[c] Original data have been adjusted by deducting military aid, as given in the original source, from imports from the United States. This adjustment tends to understate actual merchandise imports from the United States and overstate payments for services to the extent that military aid has taken the form of services rather than goods. For further details, see Appendix B.

[d] Official and private.

Table XVIII. — EUROPEAN PAYMENTS UNION : MONTHLY BALANCES OF EACH MEMBER WITH THE E.P.U. AREA AND THE FINANCING OF CUMULATIVE NET POSITIONS

Monthly averages or calendar months : millions of units of account (equivalent to one U.S. dollar)

	Creditors Countries							Debtor Countries							
	Western Germany	Belgium[a]	Netherlands[a]	Switzerland[b]	Sweden	Austria	Portugal[a]	United Kingdom[a]	France[a]	Turkey	Norway	Italy	Denmark	Iceland	Greece
1950—Second half	−61.5	+1.0	−18.0	−2.1	−2.6	−6.3	+6.1	+79.4	+35.6	+1.3	−8.5	−5.2	−6.7	−0.6	−12.0
1951—First half	+14.0	+38.4	−27.2	+4.0	−7.4	−11.1	+3.7	+21.9	−2.9	−12.0	−4.8	+0.1	−4.7	−0.6	−11.4
Second half	+52.9	+61.0	+36.6	+21.7	+39.5	−4.4	+6.3	−179.3	−65.6	−5.7	+1.7	+37.5	+6.0	−0.3	−7.7
1952—First quarter	+30.6	+47.5	+66.7	+11.4	+21.1	−2.0	+3.5	−92.7	−87.1	−10.5	+0.5	+4.6	+9.4	—	−3.1
Second quarter	+58.3	+17.1	+19.0	−2.2	−5.4	−1.9	−6.9	−49.0	+9.3	−10.0	+3.0	−14.7	−6.1	−1.4	−9.2
Third quarter	+44.1	+2.8	+19.8	+7.7	−5.2	+4.7	−3.0	−22.1	−26.6	−23.6	−2.0	−1.2	+4.8	—	−0.3
Fourth quarter	−22.7	−1.0	—	−3.1	−1.0	+6.5	−4.3	+96.0	−44.6	+4.8	−3.6	−19.7	−5.8	+0.1	−1.5
1953—First quarter	+21.1	−7.5	+20.5	+12.6	−4.7	−2.1	+0.1	+24.9	−20.5	+1.2	−5.6	−31.8	−3.2	−0.4	−4.5
Second quarter	+44.4	−5.2	+5.9	+11.2	−3.8	+4.8	−0.4	+24.9	−47.2	+1.0	−8.5	−21.6	−1.4	−1.1	−2.9
July	+43.9	−10.0	−7.0	+7.2	+3.6	+18.2	−4.9	−11.2	−2.2	−7.0	−6.5	−11.1	−7.2	−0.3	−5.4
August	+12.6	−9.1	+4.0	+24.4	+6.2	+18.5	−1.3	−29.5	−22.1	+7.0	−8.4	+2.3	−4.5	−0.3	+0.1
September	+26.8	−9.5	+2.6	+10.3	+0.9	+12.7	−2.6	+12.2	−24.8	−3.1	−2.3	−20.0	−1.0	−0.4	−1.8
October	+44.5	+5.8	−1.5	+8.6	+8.2	+10.1	−1.8	−30.2	−8.8	−1.5	−6.2	−20.5	−5.5	−0.2	−0.9
November	+43.8	+8.4	−5.1	+3.9	+4.6	+4.1	−1.0	+9.0	−9.7	−20.7	−8.3	−23.0	−7.2	−0.8	+1.9
Cumulative net position July 1950–November 1953	+734.8	+698.4	+338.9	+308.1	+204.3	−36.9	+51.9	−550.5	−892.2	−234.7	−150.3	−130.6	−64.8	−19.0	−257.4
Net use of "existing resources" by (−) or on (+) partners[c]	+11.9	+15.8	—	—	+15.4	—	—	−93.1	+12.9	−1.9	+0.4	+42.5	−5.0	—	+1.1
Use of "special resources"[d] and initial credit (+) or debit (−) balances[e]	—	−29.4	+30.0	—	−9.6	+125.0	—	−150.0	+89.0	+93.9	+60.0	—	—	+15.2	+254.4
Special arrangements and interest payments[f]	+2.2	−299.3	+2.1	+4.6	+4.0	+0.1	−0.6	−19.8	−8.5	−3.0	−1.3	+3.8	−2.2	—	—
Accounting surplus (+) or deficit (−)	+748.9[g]	+385.6[g]	+371.0[g]	+312.6[g]	+214.2	+88.3[g]	+51.3	−813.4	−798.8[g]	−145.7[g]	−91.3	−84.3	−72.0	−3.8	−1.9
Credit granted by (−) or to (+) member[i]	−424.5	−228.8	−221.0	−181.3	−133.1	−51.1	−32.7	+555.1	+312.0	+30.0	+70.8	+67.0	+58.2	+3.3	—
Gold paid to (−) or by (+) member[i]	−324.5	−156.8	−150.0	−131.3	−81.1	−37.1	−18.7	+258.3	+486.8	+115.7	+20.5	+17.3	+13.8	+0.6	+1.9
Amount of quota	500	360[h]	355	250	260	70	70	1 060	520	50	200	205	195	15	45[h]
Per cent of quota used	*150*	*117*	*105*	*125*	*82*	*126*	*73*	*77*	*154*	*291*	*46*	*41*	*37*	*25*	*0*

Sources : General Statistical Bulletin, Organization for European Economic Co-operation, Paris, September 1952, and monthly reports of the Bank for International Settlements, Basle.

[a] The United Kingdom includes all Sterling Area countries except Iceland. Belgium, France, the Netherlands and Portugal include their respective currency areas.

[b] Switzerland joined the Union in November 1950.

[c] Certain holdings of currencies of E.P.U. countries at the beginning of July 1950.

[d] Financing of the deficits of Austria, France, Turkey, Greece and Iceland with dollars allotted by the United States.

[e] Initial balances were grants given to or obtained from the E.P.U. and compensated by equivalent amounts of conditional dollar aid given by the E.C.A.

[f] Adjustments to the positions of Belgium, Portugal, France and the United Kingdom effected as on 1 July 1952, and interest charges paid by (+) or to (−) the Union.

[g] The part of accounting surplus or deficit exceeding the quota has been settled either fully in gold, or, according to special agreements, partly in gold and partly in credit.

[h] The effective quota of Belgium as a creditor is 330.6 million units of account; the quota of Greece, as a debtor, is frozen at zero.

[i] The ratio of credit and gold settlements in each successive *tranche* of the quota is determined according to the following schedule, applied since 1 July 1952 :

Percentage of quota	*Creditor countries*		*Debtor countries*	
	Credit	*Gold*	*Credit*	*Gold*
Up to 10	20	—	10	—
10 to 20			8	2
20 to 40	10	10	14	6
40 to 60	10	10	12	8
60 to 80	10	10	10	10
80 to 100	10	10	6	14
Total	60	40	60	40

Table XIX

INDEX NUMBERS OF UNIT VALUES FOR TOTAL IMPORTS AND EXPORTS

1950 = 100

Country	Type of index [a]	IMPORTS									EXPORTS									TERMS OF TRADE [b]								
		1951		1952				1953			1951		1952				1953			1951		1952				1953		
		3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qrt.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.
United Kingdom . .	P_3^c	139	136	138	135	128	123	120	116	114	122	124	125	125	123	122	121	120	120	113	108	109	107	104	100	98	97	95
France	P_1	132	127	131	128	119	117	114	112	113	120	124	128	129	126	123	121	121	118	110	103	103	99	95	95	95	92	96
Netherlands	P_1	125	125	128	124	119	117	109	109	107	119	123	126	124	115	116	114	112	99	105	102	101	100	104	101	95	97	108
Belgium-Luxembourg	P_1	124	124	124	122	118	111	116	112▪	111	138	141	144	138	127	123	119	112	110	90	88	86	88	93	90	97	100▪	100
Switzerland	P_2	125	123	123	120	116	114	113	111	109	112	114	112	110	111	106	108	107	107	111	108	110	109	105	107	105	104	101
Italy [d]	P_2^c	139	140	137	137	129	126	121	120	118	141	135	138	140	126	123	131	131	126	108	103	111	108	110	106	103	106	110
Spain	P_1	110	119	125	130	121	123	127	115	. .	115	111	101	117	115	93	93	104	. .	96	107	123	111	105	132	136	111	. .
Turkey	P_2^c	121	126	126	124	123	116	115▪	111▪	115	111	127	114	103	101	111	101	100	111	106	103	93	110	101	101	108	104	104
Denmark	P_1	135	130	133	129	121	117	115	114	112	111	125	122	116	115	121	114	111	109	121	104	109	111	105	97	101	102	102
Sweden	P_3	134	134	138	137	133	128	126	124	121	172	178	179	165	143	136	139	138	136	78	75	77	83	93	94	90	90	89
Norway	P_1^e	122	128	123	125	119	115	117	113	108	142	147	146	136	131	121	118▪	119▪	118	86	87	85	92	90	95	99▪	95▪	91
Finland	P_1	151	142	136	133	135	127	128	122	123	199	239	238	204	174	141	123	139	154	76	59	57	65	78	90	104	88	80
Western Germany .	P_1	136	128	132	127	116	111	111	107	104	127	129	131	133	132	129	126	123	122	107	99	101	96	88	86	88	87	85
Austria	P_1	144	145	153	150	145	145	147	162	165	141	152	159	162	153	135	123	141	143	103	95	96	92	95	107	199	115▪	115
Total of countries listed (plus Ireland)	*f*	132▪	129▪	133	128▪	123	120	118	114	114	126▪	130	130	128▪	124▪	122	119▪	119	116									
United States . . .	P_4	129	123	124	120	117	115	114	114▪	114	115	113	115	115	114	113	114	113▪	113	112	109	107	105	103	102	100	101▪	101

[a] P_1 = unit value index with moving current weights.
P_2 = unit value index with fixed weights.
P_3 = unit value index with moving anterior weights.
P_4 = unit value index with moving crossed weights.

[b] The ratio of the import price index to the export price index. An increase in the index indicates a deterioration in the terms of trade.

[c] P_1 for terms of trade.

[d] New series.

[e] Excluding trade in ships.

[f] This index has been derived from current values given in Table XXIII and volume index of fifteen countries (including Ireland) given in Table XXI.

Table XX

INDEX NUMBERS OF IMPORT AND EXPORT UNIT VALUES FOR MAJOR COMMODITY GROUPS

1950 = 100

Commodity group	Country	Type of index [a]	1951			1952				1953		
			Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
Imports												
Food, drink and tobacco	United Kingdom .	P_3	116	117	120	121	123	120	117	116	117	115
	France	P_1	113	117	122	119	124	118	121	115	118	117
	Switzerland .	P_2	116	116	115	115	113	111	108	108	107	104
	Western Germany	P_1	115	121	111	117	122	103	102	100	102	100
	United States . .	P_4	113	112	110	110	112	113	113	110	112	114
Raw materials	United Kingdom .	P_3	173	164	148	153	145	134	129	123	115	113
	France	P_1	144	141	133	142	135	121	116	117	108	107
	Switzerland . . .	P_2	139	140	136	136	130	125	122	120	116	113
	Western Germany [b]	P_1	152	157	148	151	142	131	121	117	112	111
	United States . .	P_4	160	149	136	136	125	113	110	111	109	110
Manufactures	United Kingdom .	P_3	126	138	144	143	140	133	129	124	118	116
	France	P_1	118	118	114	107	106	110	119	113	123	143
	Switzerland . . .	P_2	114	118	119	118	116	113	109	112	110	109
	Italy [b]	P_2	135	137	145	144	136	145	132	125	123	123
	Western Germany	P_1	112	121	114	110	104	102	113	117	103	96
	United States . .	P_4	121	127	126	126	122	121	120	119	118	117
Exports												
Textile goods	United Kingdom .	P_3	133	143	141	133	123	113	109	110	109	111
	France	P_1	128	133	129	128	122	110	110	110	106	107
	Switzerland . . .	P_1	119	125	128	130	118	112	108	109	106	105
	Western Germany	P_1	126	136	137	126	128	119	111	112	106	105
Finished engineering products	United Kingdom .	P_1	108	113	115	119	122	125	127	128	128	130
	France	P_1	109	115	122	127	133	130	128	128	133	134
	Switzerland . . .	P_1	98	98	97	95	97	100	97	99	98	98
	Sweden	P_3	110	121	126	125	128	137	137	138	147	140
	Western Germany	P_1	114	118	122	125	128	135	134	137	134	134
All manufactures	United Kingdom .	P_3	116	122	126	126	126	124	123	122	121	121
	France	P_1	114	121	124	129	131	126	125	124	125	125
	Belgium-Luxembourg . .	P_1	128	136	138	141	134	125	121	116	111	109
	Switzerland . . .	P_3	106	111	114	112	110	111	106	108	106	107
	Italy [b]	P_2	134	140	134	130	133	121	119	127	124	121
	Sweden	P_3	139	156	160	155	151	138	132	133	133	132
	Western Germany	P_1	119	126	129	130	132	131	128	127	123	122
	United States . .	P_4	115	114	114	114	114	113	113	114	113	114

NOTE. — Owing to the large discrepancies in the type and coverage of the commodity group indices, inter-country comparisons should be made with caution.

[a] P^1 = unit value index with moving current weights.
P^2 = unit value index with fixed weights.
P^3 = unit value index with moving anterior weights.
P^4 = unit value index with moving crossed weights.

[b] New series.

Table XXI

INDEX NUMBERS OF THE VOLUME OF IMPORTS AND EXPORTS OF FIFTEEN EUROPEAN COUNTRIES

1950 = 100

Country	IMPORTS										EXPORTS									
	1950	1951		1952				1953			1950	1951		1952				1953		
	(Millions of dollars, c.i.f.)	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	*(Millions of dollars, f. o. b.)*	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.
United Kingdom [a]	*7 066*	119	114	109	106	93	99	105	116	112	*6 080*	100	103	106	93	86	95	94	96	97
Ireland	*441*	85	107	102	87	72	89	95	92	89	*197*	100	131	108	119	126	129	123	140	150
France	*3 066*	112	128	135	121	106	114	126	127	110	*3 071*	109	118	107	104	94	112	107	114	96
Netherlands	*2 052*	99	88	93	88	85	94	99	101	108	*1 383*	118	131	127	120	127	128	128	127	153
Belgium-Luxembourg	*1 950*	94	114	108	98	99	115	101	102	109	*1 644*	115	120	119	110	103	114	108	116	113
Switzerland	*1 049*	106	116	110	105	97	104	98	107	107	*904*	119	129	112	108	116	141	126	128	134
Italy [b]	*1 446*	119	123	130	145	133	134	151	153	138	*1 193*	117	128	112	104	99	109	104	112	120
Spain	*390*	94	86	81	112	111	128	109	108	..	*405*	87	108	111	93	65	122	122	106	..
Turkey	*286*	122	144	140	163	176	183	141▪	158	162	*263*	69	147	114	118	83	165	148	142▪	107
Denmark	*852*	90	93	97	88	88	102	108	97	108	*658*	109	119	112	102	113	114	121	116	119
Sweden	*1 179*	116	111	118	106	104	112	103	108	103	*1 103*	100	112	91	84	87	108	82	96	103
Norway [c]	*674*	104	115	104	105	95	119	119	115	103	*373*	102	112	111	93	94	111	107▪	99▪	105
Finland [d]	*388*	137	164	155	202	148	118	99	123	110	*354*	161	124	89	98	127	145	91	114	130
Western Germany	*2 704*	103	105	115	99	112	145	121	126	131	*1 981*	152	149	144	148	155	171	151	174	179
Austria [e]	*431*	102	107	113	107	91	86	88	94	80	*305*	110	106	102	95	102	133	127	131	152
Total of countries listed	*23 974*	110▪	113▪	113	109▪	101	111	112▪	117▪	112	*19 914*	112▪	118	113▪	105▪	102	117	110▪	116▪	117

[a] Retained imports.

[b] New series.

[c] Imports include but exports exclude ships.

[d] For comparability with other countries, the seasonal adjustment in the Finnish index has been eliminated. Exports for war reparations are excluded.

[e] Including imports under E.R.P.

Table XXII

INDEX NUMBERS OF THE VOLUME OF IMPORTS AND EXPORTS BY MAJOR COMMODITY GROUPS

1950 = 100

Commodity group	Country	Type of index[a]	1950	1951				1952				1953		
			Millions of dollars [b]	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
Imports														
Food, drink and tobacco	United Kingdom[c]	Q_1	2 867	103	115	112	109	108	104	91	90	99	120	112
	France	Q_1	897	100	112	90	109	113	119	89	104	119	121	84
	Switzerland	Q_1	318	111	88	66	100	83	79	80	95	83	85	88
	Western Germany	Q_1	1 192	111	92	109	106	111	92	100	135	107	111	109
	United States	Q_4	2 648	124	101	89	106	115	101	102	106	116	111	107
Raw materials	United Kingdom[c]	Q_1	2 792	107	103	120	115	109	106	93	106	118	121	109
	France	Q_1	1 699	115	130	125	140	150	128	118	126	137	135	132
	Switzerland	Q_1	371	123	126	116	118	116	108	103	98	92	99	101
	Western Germany	Q_1	1 173	114	85	96	116	122	97	117	143	127	132	141
	United States	Q_4	2 465	106	95	90	82	101	101	91	104	99	101	96
Manufactures	United Kingdom[c]	Q_1	1 579	107	128	129	122	123	111	101	106	100	101	118
	France	Q_1	470	92	97	112	121	131	102	93	93	100	106	84
	Switzerland	Q_1	360	138	148	123	123	121	117	104	114	113	127	124
	Italy	Q_1	..	122	122	100	118	139	145	134	151	157	164	147
	Western Germany	Q_1	339	119	70	105	94	106	127	139	186	147	160	171
	United States	Q_4	3 630	108	104	91	91	97	101	103	120	114	123	113
Exports														
Textile goods	United Kingdom	Q_1	1 162	105	108	97	87	86	68	70	81	81	79	86
	France	Q_1	587	114	107	88	92	82	76	77	99	88	92	80
	Switzerland	Q_1	82	118	109	103	89	89	92	93	124	129	130	123
	Western Germany	Q_1	97	166	170	196	172	189	191	175	199	182	212	245
Finished engineering products	United Kingdom	Q_1	1 123	94	106	106	109	120	108	98	103	100	100	91
	France	Q_1	417	125	130	123	125	127	132	108	116	111	115	88
	Switzerland	Q_1	258	100	124	114	127	114	118	116	130	120	121	123
	Sweden	Q_1	152	95	119	109	128	126	119	90	107	90	84	89
	Western Germany	Q_1	392	139	166	176	188	200	222	215	247	201	251	233
All manufactures	United Kingdom	Q_1	5 270	99	107	101	103	107	94	85	93	93	95	96
	France	Q_1	1 246	118	121	109	115	110	107	96	112	99	105	85
	Belgium-Luxemb.	Q_1	..	118	123	114	118	125	114	104	117	109	118	117
	Switzerland	Q_1	833	112	126	120	130	114	108	115	139	125	128	133
	Italy	Q_1	..	120	126	122	132	116	107	102	115	108	119	125
	Sweden	Q_1	585	92	112	96	112	108	97	85	110	90	90	93
	Western Germany	Q_1	1 280	140	163	176	169	167	174	180	199	168	203	205
	United States[d]	Q_4	6 894	120	139	134	129	138	150	132	144	153	176	153

Sources and methods : See Appendix B.

NOTE. — Owing to the great discrepancies in the type and coverage of the commodity group indices, inter-country comparisons should be made with caution.

[a] Q_1 = quantum index with fixed weights.
Q_4 = quantum index with moving crossed weights.

[b] Imports c.i.f., except for the United States (imports f.o.b.), and exports f.o.b.

[c] General imports.

[d] Including " special categories ".

Table XXIII. — IMPORTS AND EXPORTS OF EIGHT
ACCORDING TO AREAS

Millions of current do

Area of origin for imports and area of destination for exports ↓	Year and quarter	United Kingdom [a]		Ireland		Iceland		France		Nether-lands		Belgium-Luxem-bourg		Switzer-land		Italy		Portu
		Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
I. United Kingdom Ireland and Iceland	1952- II	59.1	68.9	61.3	55.0	4.1	0.7	38.3	61.0	51.2	80.4	51.6	74.7	20.6	12.3	36.8	25.2	14.9
	III	71.2	57.4	54.1	65.7	2.5	1.6	41.4	51.0	50.2	64.0	50.5	61.4	19.6	13.1	29.2	25.1	14.6
	IV	75.1	66.6	62.1	70.6	2.1	1.0	48.5	64.0	53.2	46.9	51.9	59.8	19.2	16.9	36.3	28.5	14.1
	1953- I	68.9	64.1	63.3	64.1	1.8	1.5	47.6	62.1	53.1	63.6	59.9	56.2	19.1	14.4	44.2	24.6	12.2
	II	72.4	65.1	64.1	67.2	1.7	1.5	55.0	57.5	57.0	68.6	45.5	49.8	21.3	14.0	49.2	24.5	13.4
	III	83.2	65.0	61.0	81.0	2.1	1.0	46.0	49.0	57.9	64.4	54.6	41.0	21.1	14.1	42.5	30.1	14.3
II. Western European industrial countries (France, Netherlands, Belgium-Luxembourg, Switzerland)	1952- II	220.9	142.5	10.2	2.4	1.2	0.2	82.6	150.0[e]	128.9	111.9	150.2	159.2	64.5	42.6	62.7	60.1	25.3
	III	195.5	148.1	7.2	3.2	0.8	1.1	83.6	145.0[e]	110.0	112.1	156.2	138.6	62.7	42.0	66.9	53.2	16.8
	IV	197.9	159.9	9.6	2.8	0.8	0.5	101.3	168.4[e]	126.7	131.8	177.2	160.3	62.7	48.8	90.8	57.6	14.4
	1953- I	192.6	167.1	11.8	1.9	0.8	0.4	101.2	162.1[e]	118.4	123.2	165.0	151.4	53.7	48.5	91.2	57.5	12.2
	II	176.5	164.2	13.7	1.7	1.3	0.2	99.6	174.0[e]	128.8	119.2	162.7	153.6	57.4	44.5	82.7	58.5	14.6
	III	168.2	169.5	11.2	1.3	1.2	0.5	78.3	158.5[e]	130.3	110.8	156.8	157.4	59.5	44.5	73.8	52.8	15.8
III. Mediterranean and Iberian countries (Italy, Greece, Spain, Portugal, Yugoslavia, Turkey and miscellaneous continental and non-continental European countries and territories)	1952- II	85.3	108.6	2.6	1.4	0.6	1.4	77.2	66.0	11.3	26.0	18.0	48.9	30.6	35.3	20.1	41.1	2.2
	III	53.6	102.6	2.0	0.2	0.4	1.9	39.3	72.7	8.4	23.1	15.6	42.7	25.5	39.4	21.3	38.4	2.1
	IV	75.7	106.7	4.3	0.6	0.5	3.0	42.4	72.1	12.1	29.5	17.9	42.4	29.4	49.5	27.8	38.0	3.6
	1953- I	81.0	111.4	3.4	0.4	0.7	1.4	49.5	74.3	14.2	23.9	19.0	39.1	30.8	43.2	30.3	37.6	3.0
	II	65.3	102.5	3.4	0.3	0.8	1.5	46.6	76.3	13.5	21.2	17.0	41.3	34.9	41.1	35.2	35.5	3.0
	III	63.0	94.7	3.8	0.3	0.7	2.1	25.9	64.8	12.4	23.2	13.8	40.2	32.6	40.5	25.8	34.3	2.9
IV. Scandinavian countries (Denmark, Sweden, Norway, Finland)	1952- II	241.2	177.4	4.1	0.3	2.2	0.6	50.0	52.8	26.7	51.5	33.9	61.1	12.9	17.5	22.4	15.1	2.6
	III	229.8	157.5	3.4	0.3	1.7	2.0	48.5	47.1	34.5	47.7	34.9	41.9	12.6	16.9	19.4	13.2	2.8
	IV	207.2	165.6	4.5	0.3	3.3	4.5	47.2	53.4	43.6	45.6	39.9	43.4	16.2	23.1	26.9	16.5	3.8
	1953- I	218.6	172.4	3.3	0.1	1.9	0.6	48.9	40.0	29.8	44.9	31.7	47.0	13.3	22.3	22.4	21.4	4.2
	II	232.3	176.7	4.4	0.3	2.0	0.7	34.8	42.8	34.6	47.1	32.3	41.6	10.0	18.4	21.9	16.2	3.0
	III	255.4	167.8	6.6	0.3	2.5	2.3	30.5	31.2	42.6	54.3	35.1	40.8	9.9	18.4	22.2	15.2	2.8
V. Germany and Austria	1952- II	66.4	35.5	4.0	0.4	1.2	0.1	85.4	53.5	78.2	69.9	67.7	48.6	61.6	33.2	66.5	42.9	5.9
	III	75.3	35.2	3.0	0.5	0.6	1.0	83.0	62.3	84.3	77.3	67.1	63.8	58.1	34.0	66.7	42.1	7.1
	IV	67.2	53.2	4.3	0.8	0.7	1.5	89.6	80.7	86.0	88.6	79.4	99.5	61.5	43.7	80.7	50.6	8.5
	1953- I	61.5	48.5	3.3	0.7	0.8	1.3	87.7	73.2	83.8	72.8	71.7	66.4	58.3	37.4	80.7	48.5	7.3
	II	63.2	44.6	3.8	0.6	1.7	1.3	88.2	77.2	97.7	71.9	76.3	61.3	64.8	38.0	93.0	45.6	8.3
	III	56.1	47.1	4.2	0.5	1.3	1.0	76.6	70.5	107.2	83.4	80.6	62.5	67.1	43.2	93.2	57.0	9.2
VI. Western Europe [f]	1952- II	672.9	532.9	82.2	59.5	9.3	3.0	333.5	383.3	296.3	339.7	321.4	392.5	190.2	140.9	208.5	184.4	50.9
	III	625.4	500.8	69.7	69.9	6.0	7.6	295.8	378.1	287.4	324.2	324.3	348.4	178.5	145.4	203.5	172.0	43.4
	IV	623.1	552.0	84.8	75.1	7.4	10.5	329.0	438.6	321.6	342.4	366.3	405.4	189.0	182.0	262.5	191.2	44.4
	1953- I	622.6	563.5	85.1	67.2	6.0	5.2	334.9	411.7	299.3	328.4	347.3	360.1	175.2	165.8	268.8	189.6	38.9
	II	609.7	553.1	89.4	70.1	7.5	5.2	324.2	427.8	331.6	328.0	333.8	347.6	188.4	156.0	282.0	180.3	42.3
	III	625.9	544.1	86.8	83.4	7.8	6.9	257.3	374.0	350.4	336.1	340.9	341.9	190.2	160.7	257.5	189.4	45.0
VII. Eastern European countries (Czechoslovakia, Poland, Rumania, Hungary, Bulgaria)	1952- II	15.2	8.6	0.4	—	0.5	0.5	10.4	7.2	3.5	3.6	3.6	10.3	7.8	8.4	12.0	8.6	0.1
	III	15.8	5.3	0.1	—	0.6	0.2	6.2	6.9	4.2	3.0	3.3	10.3	5.8	8.6	10.0	5.2	0.3
	IV	17.7	7.2	0.1	—	1.5	0.8	9.2	7.4	6.1	3.8	5.6	12.7	6.7	7.4	14.9	10.6	0.2
	1953- I	20.7	7.2	0.1	—	1.1	0.2	7.9	10.5	3.2	3.4	4.9	16.1	6.1	6.8	11.2	8.5	0.3
	II	26.5	6.4	0.1	0.1	0.6	0.5	9.9	9.9	3.2	4.1	2.7	12.0	6.3	6.2	8.3	7.3	0.2
	III	21.8	10.7	0.2	—	0.5	0.4	4.7	6.4	2.6	3.4	5.0	8.6	5.2	5.1	6.5	8.1	0.2
VIII. Union of Soviet Socialist Republics	1952- II	42.2	2.1	—	—	—	—	6.2	2.0	6.3	2.5	1.4	6.3	0.7	0.8	10.3	5.4	—
	III	25.8	2.1	—	—	—	—	2.8	1.5	4.7	0.8	3.6	1.4	0.7	0.3	8.7	4.5	—
	IV	29.0	2.5	0.2	—	—	—	2.8	1.6	6.5	1.0	4.9	1.7	0.5	0.3	8.2	6.9	—
	1953- I	18.7	0.7	—	—	—	—	3.8	1.6	0.9	1.3	1.8	2.1	0.9	—	2.3	3.1	—
	II	10.1	0.6	—	—	—	—	3.6	1.8	5.0	0.9	2.3	0.9	0.7	0.7	2.0	3.8	—
	III	45.3	2.4	0.3	—	—	2.5	3.2	2.0	11.6	11.8	6.8	2.9	1.0	1.0	1.3	4.8	—
IX. Total Europe (including U.S.S.R.)	1952- II	730.3	543.6	82.6	59.5	9.8	3.5	350.1	392.5	306.1	345.8	326.4	409.1	198.7	150.1	230.8	198.4	51.0
	III	667.0	508.2	69.8	69.9	6.6	7.8	304.8	386.5	296.3	328.0	331.2	360.1	185.0	154.3	222.2	181.7	43.7
	IV	669.8	561.7	85.1	75.1	8.9	11.3	341.0	447.6	334.2	347.2	376.8	419.8	196.2	189.7	285.6	208.7	44.6
	1953- I	662.0	571.4	85.2	67.2	7.1	5.4	346.6	423.8	303.4	333.1	354.0	378.3	182.2	172.6	282.3	201.2	39.2
	II	646.3	560.1	89.5	70.2	8.1	5.7	337.7	439.5	339.8	333.0	338.8	360.5	195.4	162.9	292.3	191.4	42.5
	III	693.0	557.2	87.3	83.4	8.3	9.8	265.2	382.4	364.6	351.3	352.7	353.4	196.4	166.8	265.3	202.3	45.2

PEAN COUNTRIES AND THE UNITED STATES
IN AND DESTINATION

s c.i.f.; exports f.o.b.

eece, n and rkey	Denmark		Sweden		Norway		Finland		Western Germany		Austria		Total of eighteen countries		United States		Year and quarter	Area of origin for imports and area of destination for exports ↓
Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp. *b*	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp. *c*	Exp. *d*		
23.3	65.8	79.7	61.2	76.4	45.3	29.1	39.3	40.6	29.3	64.7	17.2	8.9	645.1	709.4	131.7	161.4	II-1952	I. United Kingdom Ireland and Iceland
15.1	63.3	97.2	60.8	52.4	40.2	24.0	26.2	39.5	27.1	59.8	13.8	10.3	612.4	644.7	122.0	125.6	III	
29.7	69.0	69.2	63.9	64.3	49.3	25.1	21.4	33.2	44.7	56.5	13.5	10.8	669.6	649.9	138.2▪	173.2▪	IV	
35.5	78.6	88.2	58.8	55.0	53.6	27.1	14.6	24.9	36.1	48.0	14.5	11.0	672.3	646.1	135.8	170.6	I-1953	
33.6▪	65.0	99.6	71.1	77.7	47.6	24.0	14.0	29.1	34.2	54.7	15.3	13.0	671.1▪	686.3▪	137.4	143.4	II	
30.0	68.0	91.7	63.6	78.6	38.1	22.9	16.5	42.9	41.1	47.8	12.2	13.0	665.2	679.6	144.7	138.6	III	
52.7	42.2	18.9	78.0	55.6	33.6	15.2	43.2	22.2	173.3	276.1	27.0	19.9	1 201.0	1 134.2	153.4	282.6	II-1952	II. Western European industrial countries (France, Netherlands, Belgium-Luxembourg, Switzerland)
21.2	42.6	15.1	69.3	58.3	27.3	15.4	32.8	35.1	206.3	295.0	21.0	16.5	1 165.8	1 106.9	162.4	192.8	III	
39.3	47.8	30.6	71.6	74.6	32.1	18.4	31.7	27.3	282.5	320.0	19.6	18.8	1 332.5	1 267.1	181.6▪	261.0▪	IV	
41.2	45.2	31.9	65.9	52.3	32.0	18.2	19.6	9.5	222.8	284.5	19.5	18.6	1 209.7	1 172.6	180.8	226.0	I-1953	
31.4▪	44.4	12.5	70.2	60.4	28.3	13.0	21.5	14.4	204.8	318.4	19.8	19.1	1 182.1▪	1 190.3▪	200.9	234.3	II	
31.6	46.0	12.9	68.7	64.6	28.3	13.2	15.3	22.4	225.7	319.9	18.5	20.3	1 154.0	1 185.6	203.1	212.9	III	
11.3	7.1	11.1	15.9	21.1	6.0	6.7	7.6	5.0	116.6	140.4	24.3	28.5	453.5	554.2	91.2	220.7	II-1952	III. Mediterranean and Iberian countries (Italy, Greece, Spain, Portugal, Yugoslavia, Turkey and miscellaneous continental and non-continental European countries and territories)
19.9	6.9	11.0	10.5	20.5	4.3	8.7	4.8	5.4	75.6	155.1	21.9	31.2	322.7	576.2	91.2	115.9	III	
29.6	9.4	12.4	18.9	23.7	7.4	9.6	5.0	4.0	106.8	153.0	17.9	35.9	409.8	614.5	107.4▪	160.4▪	IV	
38.0	10.5	10.9	21.6	20.8	10.3	6.8	7.0	3.6	106.9	133.2	17.7	27.4	438.4	574.2	100.3	160.4	I-1953	
37.5▪	7.8	10.2	18.5	23.9	9.8	7.2	4.1	4.8	105.8	155.0	17.8	32.1	418.7	592.4▪	92.7	175.3	II	
24.1	6.8	11.0	13.0	26.8	4.5	7.9	4.0	6.0	92.0	151.9	14.5	37.2	351.9	566.9	86.3	132.7	III	
10.7	33.3	25.0	30.7	60.6	37.1	27.3	26.3	14.9	92.2	157.2	6.3	4.6	645.0	679.0	45.0	66.7	II-1952	IV. Scandinavian countries (Denmark, Sweden, Norway, Finland)
6.9	32.5	24.8	30.5	58.0	41.4	25.0	18.3	16.3	125.7	156.7	6.2	5.5	664.5	621.3	46.3	50.0	III	
20.7	42.0	24.7	42.5	75.5	49.7	23.3	17.5	14.4	147.7	167.8	5.5	5.1	723.9	685.3	60.9	73.0▪	IV	
19.4	34.4	23.3	23.8	51.8	39.6	20.3	11.9	5.4	91.7	143.6	5.2	4.9	604.7	619.4	59.7	57.8	I-1953	
16.2▪	33.2	20.2	26.9	54.9	38.0	20.9	11.2	10.8	88.2	153.5	3.9	5.5	597.7▪	627.4▪	70.1	55.4	II	
14.9	41.9	17.3	26.6	54.6	37.7	23.5	9.7	12.5	105.6	152.1	3.5	4.5	652.9	611.9	64.8	48.8	III	
36.9	39.2	24.3	77.7	43.4	30.6	13.0	31.4	13.8	20.5	36.9	37.3	24.0	734.7	479.9	52.4	101.7	II-1952	V. Germany and Austria
25.1	40.4	29.8	79.1	57.1	24.2	11.7	29.2	24.4	20.6	39.0	37.2	24.2	744.2	531.8	59.8	104.6	III	
59.2	45.4	43.7	89.1	60.9	30.0	16.8	21.7	16.8	27.2	39.5	39.3	34.1	800.3	694.5	75.1▪	132.5▪	IV	
58.6	47.6	35.2	73.7	39.6	38.4	16.3	16.2	6.7	21.0	36.1	38.9	25.2	746.3	570.1	75.1	107.4	I-1953	
43.8▪	45.6	28.0	74.9	40.8	34.2	13.3	14.1	12.5	24.2	36.3	36.9	28.6	783.2▪	547.1▪	80.4	96.1	II	
31.7	54.7	33.7	74.8	54.1	39.1	13.1	12.4	15.7	25.1	37.8	37.7	29.8	798.8	584.4	81.4	80.5	III	
134.9	187.6	159.0	263.5	257.1	152.6	91.3	147.8	96.5	431.9	675.3	112.1	85.9	3 679.3	3 556.7	473.7	833.1	II-1952	VI. Western Europe *f*
88.2	185.7	177.9	250.2	246.3	137.4	84.8	111.3	120.7	455.3	705.6	100.1	87.7	3 509.6	3 480.9	481.7	588.9	III	
178.5	213.6	180.6	286.0	299.0	168.5	92.2	97.3	95.7	608.9	736.8	95.8	104.7	3 936.1	3 911.3	563.2▪	800.1▪	IV	
192.7	216.3	189.5	243.8	219.5	173.9	88.7	69.3	50.1	478.5	645.4	95.8	87.1	3 671.4	3 582.4	551.7	722.2	I-1953	
162.5▪	196.0	170.5	261.6	257.7	157.9	78.4	64.9	71.6	457.2	717.9	93.7	98.3	3 652.8▪	3 643.5▪	581.5	704.5	II	
132.3	217.4	166.6	246.7	278.7	147.7	80.6	57.9	99.5	489.5	709.5	86.4	104.8	3 622.8	3 628.4	580.3	613.5	III	
4.8	2.7	1.1	13.6	16.4	2.9	2.0	15.4	6.0	11.9	10.6	19.8	14.4	123.8	102.8	3.6	—	II-1952	VII. Eastern European countries (Czechoslovakia, Poland, Rumania, Hungary, Bulgaria)
3.7	4.0	2.2	19.2	15.1	2.4	3.1	18.1	5.9	16.6	12.1	13.1	13.5	125.8	95.3	4.5	0.1	III	
4.3	6.1	3.2	13.7	10.6	3.3	4.0	15.4	3.0	12.0	15.0	15.8	15 6	135.1	106.1	3.7▪	0.1	IV	
8.3	5.6	1.5	8.8	6.6	4.9	2.0	13.8	4.0	8.4	12.4	11.2	12.4	113.7	100.3	4.4	0.1	I-1953	
6.3▪	2.8	1.6	9.1	5.7	2.7	2.0	18.1	5.9	10.5	11.4	17.9	12.2	126.5▪	92.1▪	4.9	0.1	II	
8.1	4.8	2.0	9.3	12.4	2.4	3.0	21.7	4.1	14.3	11.4	12.0	9.0	118.8	92.8	5.0	0.1	III	
1.6	0.8	1.3	7.0	12.2	2.6	3.5	25.9	25.4	—	—	—	0.1	103.4	64.6	4.6	—	II-1952	VIII. Union of Soviet Socialist Republics
0.6	1.3	2.6	8.8	8.1	4.3	2.9	14.0	21.3	0.6	0.1	—	—	75.3	47.3	4.3	—	III	
—	1.8	1.6	3.1	14.4	3.3	2.9	26.9	48.5	3.3	—	—	—	90.5	83.4	3.0	—	IV	
0.5	3.0	0.2	0.7	4.5	1.0	0.5	19.5	30.1	3.9	—	—	—	56.5	45.7	3.1	—	I-1953	
0.8	0.1	1.2	2.3	7.0	2.6	5.1	28.7	32.5	1.3	0.1	—	—	58.7	57.0	3.2	—	II	
0.6	1.3	7.4	2.8	3.1	4.5	3.7	21.8	38.0	4.7	0.1	—	0.3	104.6	81.2	2.2	—	III	
141.3	191.1	161.4	284.1	285.7	158.1	96.8	189.1	127.9	443.8	685.9	131.9	100.4	3 906.5	3 724.1	481.9	833.1	II-1952	IX. Total Europe (including U.S.S.R.)
92.5	191.0	182.7	278.2	269.5	144.1	90.8	143.4	147.9	472.5	717.8	113.2	101.2	3 710.7	3 623.5	490.5	589.0	III	
182.8	221.5	185.4	302.8	324.0	175.1	99.1	139.6	147.2	624.2	751.8	111.6	120.3	4 161.7	4 100.8	569.9▪	800.2▪	IV	
201.5	224.9	191.2	253.3	230.6	179.8	91.2	102.6	84.2	490.8	657.8	107.0	99.5	3 841.6	3 728.4	559.2	722.3	I-1953	
169.6▪	198.9	173.3	273.0	270.4	163.2	85.5	111.7	110.0	469.0	729.4	111.6	110.5	3 838.0▪	3 792.6▪	589.6	704.6	II	
141.0	223.5	176.0	258.8	294.2	154.6	87.3	101.4	141.6	508.5	721.0	98.4	114.1	3 846.2	3 802.4	587.5	613.6	III	

Table XXIII — *(continued)* — IMPORTS AND EXPORTS OF EIGH
ACCORDING TO AREA

Million of current d

Area of origin for imports and area of destination for exports ↓	Year and quarter	United Kingdom [a]		Ireland		Iceland		France		Nether-lands		Belgium-Luxem-bourg		Switzer-land		Italy		Portu
		Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
X. United States and dependencies	1952- II	237.4	101.6	12.2	2.1	3.2	2.0	140.3	37.9	80.2	37.5	94.0	40.6	52.6	34.2	159.2	30.2	12.5
	III	150.6	96.4	7.7	1.4	2.6	2.9	81.6	35.9	57.1	37.1	70.8	50.9	43.1	42.6	122.6	32.9	8.9
	IV	179.5	108.2	11.4	2.4	3.3	1.7	78.6	40.0	54.6	34.1	70.7	50.7	39.3	51.8	77.4	45.5	11.9
	1953- I	201.0	107.6	11.6	2.1	3.7	1.8	106.5	43.9	68.9	41.1	60.2	56.5	37.2	44.9	95.0	36.0	10.2
	II	187.6	117.0	7.6	1.0	3.7	1.5	104.4	51.2	44.1	39.8	68.0	72.6	35.4	49.8	83.9	31.7	7.6
	III	145.7	117.1	9.6	1.4	3.3	1.3	84.7	45.8	56.2	41.9	62.9	59.9	32.7	53.0	67.4	35.4	7.0
XI. Canada and Newfoundland	1952- II	269.8	84.5	7.6	0.2	0.2	—	17.6	6.0	6.9	2.1	19.5	7.8	11.1	3.7	16.0	2.0	1.4
	III	244.0	99.0	8.0	0.1	0.1	—	16.2	4.0	13.7	3.0	24.2	8.4	13.3	4.9	15.4	2.5	1.9
	IV	181.3	103.0	8.0	0.2	0.1	—	11.8	5.5	11.8	2.7	27.9	7.2	15.0	6.0	7.2	2.8	1.2
	1953- I	142.7	95.2	2.8	0.3	0.1	—	9.9	4.1	11.7	2.7	10.4	6.3	9.1	4.7	10.8	2.9	1.5
	II	204.8	131.7	4.4	0.2	0.3	—	13.2	11.4	11.2	4.5	14.9	8.4	12.1	5.6	7.3	3.0	0.7
	III	291.7	107.3	3.7	0.2	0.2	—	7.3	4.6	19.6	4.4	17.2	9.0	15.6	5.4	7.6	3.3	1.2
XII. Latin American republics	1952- II	145.5	117.8	4.6	—	0.2	—	72.7	48.7	37.6	26.2	25.9	42.4	18.5	29.9	29.3	26.1	2.7
	III	98.4	94.9	1.0	0.1	0.4	0.1	69.5	40.0	23.4	22.8	30.5	29.4	15.0	22.2	31.8	19.9	3.6
	IV	103.8	88.3	1.7	0.1	0.4	0.2	66.6	45.7	29.6	27.3	40.4	26.1	18.9	24.2	34.4	28.9	2.3
	1953- I	134.0	74.2	1.8	—	0.5	0.9	62.4	49.2	27.8	22.0	44.3	20.4	18.0	20.6	38.0	23.1	2.0
	II	206.9	70.5	4.6	—	1.1	0.1	50.6	59.8	20.6	22.4	44.9	21.1	17.8	22.6	40.0	26.4	1.0
	III	188.1	71.6	6.0	—	0.4	—	65.2	55.9	32.3	21.7	39.1	19.6	18.1	24.7	43.6	28.2	3.8
XIII. Overseas sterling area (including British colonies) [g]	1952- II	909.5▪	754.7▪	9.3	0.8	—	0.1	234.6e▪	36.8▪	69.8	38.2▪	59.2	35.3▪	7.8	16.5▪	105.4▪	36.5▪	4.8
	III	881.5▪	665.9▪	5.2	0.7	—	0.3	189.6e	24.1▪	67.6▪	41.1▪	44.3	24.5▪	6.7	15.9	92.0▪	39.7▪	2.1
	IV	973.0▪	743.7▪	7.7	0.9	—	0.1	189.1e	33.0▪	57.3	38.8▪	57.5	20.1▪	5.1	18.2	92.0▪	46.1▪	3.1
	1953- I	1 006.4▪	761.1▪	18.5	0.8	—	—	240.2e	36.6▪	57.8	43.4▪	65.2	22.2▪	8.1	16.4▪	120.1▪	37.6▪	1.8
	II	1 027.5▪	748.6▪	9.9	0.8	—	—	217.5e▪	32.5▪	61.0	37.2▪	58.3	27.2▪	7.7	18.1▪	119.3▪	45.0▪	3.0
	III	866.6	772.5	5.3	0.8	—	0.9	235.7e	29.0	45.7	49.3	61.0	30.4	5.7	20.8	107.6	48.4	1.8
XIV. Dependent overseas territories (excluding British colonies)	1952- II	92.4	35.3	2.9	—	2.3	—	283.2	452.5	18.2	17.5	64.4	52.4	7.1	7.1	14.2	6.1	14.4
	III	53.3	39.2	1.7	—	2.2	—	231.2	368.0	16.0	22.6	62.9	46.2	6.9	7.1	17.5	6.6	16.4
	IV	64.1	37.7	1.8	0.2	2.9	—	286.2	444.2	19.0	20.9	54.7	46.8	5.1	7.7	19.1	7.5	21.0
	1953- I	69.2	37.6	2.7	0.2	1.6	—	278.6	391.5	24.1	25.1	50.4	41.2	4.9	6.1	16.4	9.0	16.0
	II	69.1	33.8	2.7	—	2.0	—	301.7	395.0	23.6	18.9	49.5	42.9	7.5	6.5	19.5	9.9	15.1
	III	52.9	36.3	1.7	—	1.4	—	248.5	299.3	21.2	16.5	51.6	43.8	6.6	7.0	14.7	8.8	16.9
XV. Other overseas countries [g]	1952- II	144.5▪	110.4▪	1.4	0.1	0.1	0.1	90.6▪	42.9▪	45.0	49.3▪	11.3	26.4▪	10.8	14.7▪	48.7▪	31.3▪	5.3
	III	99.3▪	92.9▪	0.7	0.1	—	—	68.1	46.0▪	45.7▪	48.8▪	10.4	22.0▪	12.1	18.3	46.6▪	23.2▪	4.5
	IV	42.2▪	107.1▪	1.1	0.2	—	0.1	60.6	42.2▪	58.0	40.8▪	11.5	21.6▪	15.6	19.8	61.0▪	23.1▪	4.2
	1953- I	63.5▪	92.1▪	2.1	0.2	0.1	0.5	66.3	44.1▪	59.3	36.7▪	11.0	23.0▪	12.7	20.7▪	50.0▪	26.6▪	3.3
	II	68.6▪	88.9▪	2.1	0.4	0.2	0.3	58.9▪	61.0▪	68.4	37.2▪	12.9	25.8▪	17.9	22.6▪	51.1▪	39.2▪	3.6
	III	57.8	100.3	2.0	0.4	0.1	—	59.2	45.8	59.5	40.6	17.8	25.6	13.6	21.0	41.8	28.7	3.6
XVI. Total overseas countries	1952- II	1 799.1	1 204.3	38.0	3.2	6.0	2.2	839.0	624.8	257.7	170.8	274.3	204.9	107.9	106.1	372.8	132.2	41.1
	III	1 527.1	1 088.3	24.3	2.4	5.3	3.3	656.2	518.0	223.5	175.4	243.1	181.4	97.1	111.0	325.9	124.8	37.4
	IV	1 543.9	1 188.0	31.7	4.0	6.7	2.1	692.9	610.6	230.3	164.6	262.7	172.5	99.0	127.7	291.1	153.9	43.7
	1953- I	1 616.8	1 167.8	39.5	3.6	6.0	3.2	763.9	569.4	249.6	171.0	241.5	169.6	90.0	113.4	330.3	135.2	34.8
	II	1 764.5	1 190.5	31.3	2.4	7.3	1.9	746.3	610.9	228.9	160.0	248.5	198.0	98.4	125.2	321.1	155.2	31.0
	III	1 602.8	1 205.1	28.3	2.8	5.4	2.2	700.6	480.4	234.5	174.4	249.6	188.3	92.3	131.9	282.7	152.8	34.3
XVII. TOTAL WORLD	1952- II	2 529.4	1 747.9	120.6	62.7	15.8	5.7	1 189.1	1 017.3	563.8	516.6	600.7	614.0	306.6	256.2	603.6	330.6	92.1
	III	2 194.1	1 596.5	94.1	72.3	11.9	11.1	961.0	904.5	519.8	503.4	574.3	541.5	282.1	265.3	548.1	306.5	81.1
	IV	2 213.7	1 749.7	116.8	79.1	15.6	13.4	1 033.9	1 058.2	564.5	511.8	639.5	592.3	295.2	317.4	576.7	362.6	88.3
	1953- I	2 278.8	1 739.2	124.7	70.8	13.1	8.6	1 110.5	993.2	553.0	504.1	595.5	547.9	272.2	286.0	612.6	336.4	74.0
	II	2 410.8	1 750.6	120.8	72.6	15.4	7.6	1 084.0	1 050.4	568.7	493.0	587.3	558.5	293.8	288.1	613.4	346.6	73.5
	III	2 295.8	1 762.3	115.6	86.2	13.7	12.0	965.8	862.8	599.1	525.7	602.3	541.7	288.7	298.7	548.0	355.1	79.5
XVIII. DOLLAR AREA (United States, Canada, Latin American dollar countries and the Philippines)	1952- II	591.6	224.3	24.1	2.3	3.5	2.0	186.6	58.5	115.5	48.8	131.3	66.1	72.3	49.4	187.0	41.5	16.0
	III	442.3	229.1	16.1	1.6	2.8	2.9	120.7	52.6	83.0	48.8	110.6	73.7	63.8	59.7	148.6	45.2	12.1
	IV	393.4	253.3	20.6	2.7	3.5	1.9	109.3	65.9	80.4	47.5	114.6	73.1	62.6	72.0	98.0	65.3	13.9
	1953- I	369.2	243.5	15.2	2.4	3.9	2.1	135.8	71.9	93.5	56.8	91.5	77.6	53.9	62.7	116.9	47.7	12.5
	II	458.1	288.7	14.5	1.2	4.6	1.6	132.8	86.2	66.4	56.0	102.9	97.6	57.3	68.5	102.7	45.8	8.5
	III	507.4	261.6	17.0	1.6	3.6	1.3	103.6	66.4	90.3	57.1	94.9	82.2	55.6	71.0	84.2	51.9	8.3

---

[a] Imports are general imports, and exports exclude re-exports. [b] Excluding exports for war reparations. [c] Imports f.o.b. [d] Exports, excluding special c
[e] The figure includes substantial quantities of non-monetary gold ; see Appendix B. [f] Including eastern Germany. [g] Starting with this SURVEY, Jordan and Libya h
changed from Group XV to Group XIII. The figures in these Groups, therefore, are not strictly comparable with those in previous issues of the *Economic Bulletin fo*

OPEAN COUNTRIES AND THE UNITED STATES
IN AND DESTINATION

s c.i.f.; exports f.o.b.

eece, n and rkey	Denmark		Sweden		Norway		Finland		Western Germany		Austria		Total of eighteen countries		United States		Year and quarter	Area of origin for imports and area of destination for exports
Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.[b]	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.[c]	Exp.[d]		↓
27.9	21.5	6.1	38.8	21.0	27.9	10.8	21.4	8.0	126.2	54.0	32.2	5.7	1 111.7	428.3			II-1952	X. United States and dependencies
22.5	14.3	7.3	34.8	20.9	17.4	11.4	11.9	8.2	106.4	61.3	21.6	7.2	797.0	445.9			III	
44.3	11.8	10.4	35.6	25.7	22.7	10.0	9.6	12.2	141.7	78.4	17.3	5.7	826.6	532.3			IV	
31.3	11.4	9.2	36.0	23.4	21.5	15.9	7.6	10.5	113.8	69.5	21.6	11.2	853.6	513.2			I-1953	
35.9■	11.4	10.2	35.0	28.4	22.3	14.4	7.2	11.5	96.3	74.3	24.3	6.6	776.3■	554.3■			II	
24.8	9.9	10.5	27.5	24.5	15.6	16.9	7.9	8.8	88.3	72.0	12.0	9.7	674.3	532.4			III	
0.8	3.3	0.5	3.2	1.9	10.8	1.0	1.7	—	15.5	4.3	1.2	0.3	387.4	115.5	590.5	733.4	II-1952	XI. Canada and Newfoundland
0.6	0.4	0.6	3.9	1.9	9.7	1.3	1.2	—	52.7	6.6	3.7	0.3	409.3	133.7	575.1	655.2	III	
1.5	0.1	0.5	3.5	2.1	10.2	0.8	0.1	0.1	46.4	6.7	1.5	1.5	327.8	141.2	641.4■	716.1■	IV	
0.8	0.1	0.4	1.1	2.0	10.4	0.4	0.5	0.1	10.8	5.6	0.9	0.8	225.4	126.8	580.3	709.2	I-1953	
0.8■	0.1	0.6	1.1	3.0	10.7	0.7	0.3	0.2	30.6	8.0	0.8	0.6	313.8■	179.2■	645.3	855.7	II	
0.8	0.1	0.6	1.6	2.5	9.8	0.7	0.3	0.2	28.6	7.9	0.7	0.6	406.3	148.1	607.4	705.0	III	
5.7	9.1	9.5	40.2	31.5	7.9	10.0	14.1	16.2	85.4	109.1	6.0	8.1	523.2	487.2	810.0	883.7	II-1952	XII. Latin American republics
7.9	6.9	7.6	33.2	16.9	8.2	7.1	9.2	10.3	67.5	101.7	6.6	5.7	420.5	389.9	847.3	751.0	III	
8.9	8.5	13.2	31.4	20.1	8.4	13.2	11.6	3.8	75.8	112.8	5.2	3.6	456.2	418.2	893.4■	768.5■	IV	
8.6	10.5	10.6	34.9	19.2	13.9	6.4	8.7	2.8	61.6	79.0	7.4	3.1	486.9	341.6	946.2	688.1	I-1953	
7.2■	8.3	8.8	32.7	22.1	9.1	4.8	11.9	4.5	79.4	103.0	7.3	3.1	558.7■	377.8■	872.5	733.8	II	
7.4	8.7	7.9	35.1	26.9	4.8	3.2	9.0	5.0	93.7	103.8	3.6	7.9	573.8	386.5	844.6	702.0	III	
2.1	1.3	3.9	30.3	19.9■	5.5	9.0	4.3	3.5	102.3	61.0■	0.6	2.0	1 565.6■	1 022.2■	374.3	295.7■	II-1952	XIII. Overseas sterling area (including British colonies)[g]
8.6	1.9	4.8	26.7	16.0■	5.0	7.1	4.8	3.2	100.0	58.6■	1.0	1.8	1 447.4■	913.8■	287.3	184.8■	III	
7.8	1.1	5.7	22.5	17.9■	7.5	6.5	3.1	2.4	118.6	69.1■	0.8	3.6	1 550.6■	1 016.1■	312.2■	226.6■	IV	
2.8■	1.7	5.8	26.6	15.5	6.7	7.2	2.6	2.6	120.8	59.5■	0.5	2.0	1 690.8■	1 015.4■	303.4	229.9■	I-1953	
2.5■	2.2	5.6	24.0	20.1	7.7	8.6	2.2	3.5	125.7	77.4■	1.3	2.4■	1 678.9■	1 031.0■	305.3	184.8■	II	
2.8	1.6	4.5	22.1	18.5	4.6	10.3	2.2	3.9	102.2	85.5	1.3	2.9	1 476.2	1 082.2	246.6	205.6	III	
19.2	2.6	5.0	17.5	5.3	6.6	1.0	5.0	0.7	37.0	14.0	0.8	0.7	591.9	634.3	100.9	97.5	II-1952	XIV. Dependent overseas territories (excluding British colonies)
11.9	3.8	3.8	20.7	4.5	7.5	0.7	5.0	0.7	29.2	16.4	0.2	0.6	493.6	545.7	72.4	69.7	III	
14.0	1.5	2.9	17.6	3.8	7.5	1.1	3.3	0.9	36.5	16.7	0.4	0.9	560.0	624.4	110.7■	73.7■	IV	
13.0	2.2	3.2	17.3	3.3	3.7	1.6	1.5	0.5	42.5	12.4	0.3	0.8	549.2	559.0	95.5	73.5	I-1953	
16.5■	2.6	4.8	18.5	3.5	7.0	1.3	1.1	0.7	35.4	17.7	0.3	1.0	579.0■	569.5■	96.2	78.2	II	
16.4	2.8	5.3	13.7	4.2	4.5	1.2	0.8	0.9	34.3	18.5	0.1	1.0	495.0	475.9	87.8	72.2	III	
14.9	1.5	4.5	12.3	13.4■	6.0	6.8	3.5	3.4	39.6	48.6■	1.9	3.7	440.1■	371.1■	278.7	442.0■	II-1952	XV. Other overseas countries[g]
9.8	1.4	3.9	7.4	10.5■	4.9	5.6	2.2	4.8	50.5	55.1■	0.6	4.0	378.1■	349.0■	263.5	342.8■	III	
15.5	1.2	3.8	7.0	9.8■	4.7	7.8	1.9	9.0	53.7	60.6■	1.1	4.0	352.0■	366.7■	256.9■	404.4■	IV	
14.5■	5.9	2.9	9.8	14.6■	5.1	5.7	2.9	3.6	64.4	60.9■	1.0	3.8	383.0■	350.8■	269.3	392.8■	I-1953	
20.4	3.1	5.5	11.3	14.0	4.0	3.8	4.1	3.2	72.9	64.6■	1.2	3.3■	408.6■	390.9■	305.6	407.9■	II	
21.2	0.7	5.2	8.9	14.1	4.0	5.8	3.4	7.2	67.9	75.4	0.9	3.6	369.3	396.2	282.2	410.9	III	
70.6	39.3	29.5	142.3	93.0	64.7	38.6	50.0	31.8	406.0	291.0	42.7	20.5	4 619.9	3 058.6	2 154.4	2 452.3	II-1952	XVI. Total overseas countries
61.3	28.7	28.0	126.7	70.7	52.7	33.2	34.3	27.2	406.3	299.7	33.7	19.6	3 945.9	2 778.0	2 045.6	2 003.5	III	
92.0	24.2	36.5	117.6	79.4	61.0	39.4	29.6	28.4	472.7	344.3	26.3	19.3	4 073.2	3 098.9	2 214.6■	2 189.3■	IV	
71.0	31.8	32.1	125.7	78.0	61.3	37.2	23.8	20.1	413.9	286.9	31.7	21.7	4 188.9	2 906.8	2 194.7	2 093.5	I-1953	
83.3■	27.7	35.5	122.6	91.1	60.8	33.6	26.8	23.6	440.3	345.0	35.2	17.0	4 315.3■	3 102.7■	2 224.9	2 260.4	II	
73.4	23.8	34.0	108.9	90.7	43.3	38.1	23.6	26.0	415.0	363.1	18.6	25.7	3 994.9	3 021.3	2 068.6	2 095.7	III	
211.9	230.4	190.9	426.4	378.7	222.8	135.4	239.1	159.7	849.8	976.9	174.6	120.9	8 526.4	6 782.7	2 636.3	3 285.4	II-1952	XVII. TOTAL WORLD
153.8	219.7	210.7	404.9	340.2	196.8	124.0	177.7	175.1	878.8	1 017.5	146.9	120.8	7 656.6	6 401.5■	2 536.1	2 592.5	III	
274.8	245.7	221.9	420.4	403.4	236.1	138.5	169.2	175.6	1 096.9	1 096.1	137.9	139.6	8 234.9	7 199.7	2 784.5■	2 989.5■	IV	
272.5	256.7	223.3	379.0	308.6	241.1	128.4	126.4	104.3	904.7	944.7	138.7	121.2	8 030.5	6 635.2	2 753.9	2 815.8	I-1953	
252.9■	226.6	208.8	395.6	361.5	224.0	119.1	138.5	133.6	909.3	1 074.4	146.8	127.5	8 153.3■	6 895.3■	2 814.5	2 965.0	II	
214.4	247.3	210.0	367.7	384.9	197.9	125.4	125.0	167.6	923.5	1 084.1	117.0	139.8	7 841.1	6 823.7	2 656.1	2 709.3	III	
33.1	25.8	8.8	50.4	30.3	41.0	15.5	25.8	9.2	174.3	89.1	34.3	7.2	1 738.3	696.1	1 184.9	1 409.5	II-1952	XVIII. DOLLAR AREA (United States, Canada, Latin American dollar countries and the Philippines)
28.4	15.1	9.6	51.1	29.0	29.3	14.1	14.8	9.6	188.0	100.1	26.5	9.3	1 377.9	722.2	1 122.6	1 263.1	III	
51.3	13.0	14.3	50.9	34.2	37.6	15.7	11.7	12.9	219.7	129.8	20.2	8.7	1 321.4	861.4	1 166.4■	1 364.2■	IV	
36.3	11.8	10.9	49.5	33.2	36.9	20.2	9.1	12.1■	146.3	107.9	23.4	13.1	1 228.9	808.1■	1 235.8	1 333.7	I-1953	
41.8■	12.2	13.8	45.9	39.6	37.6	17.3	9.4	12.5■	161.3	118.2	25.9	8.3	1 286.8■	907.0■	1 276.8	1 532.6	II	
30.7	10.6	13.6	42.7	38.8	27.0	19.5	9.0	9.8	162.1	119.9	13.6	11.6	1 282.5	848.2	1 190.1	1 324.5	III	

Table XXIV — TRADE OF EIGHTEEN EUROPEAN COUNTRIES AND THE UNITED STATES WITH OVERSEAS COUNTRIES

Millions of current dollars : imports c.i.f., exports f.o.b.

Area of origin	IMPORTS																	
	United Kingdom [a]			France			Western Germany			Other western European countries [b]			Total of eighteen western European countries			United States [c]		
	1952 III	1953 II	1953 III	1952 III	1953 II	1953 III	1952 III	1953 II	1953 III	1952 III	1953 II	1953 III	1952 III	1953 II	1953 III	1952 III	1953 II	1953 III
XII. Latin American Republics :	98.4	206.9	188.1	69.5	50.6	65.2	67.5	79.4	93.7	185.1	221.8▪	226.8	420.5	558.7▪	573.8	847.3	872.5	844.6
Argentina	21.6	72.9	64.1	13.4	12.0	22.7	8.2	12.1	9.7	27.2	49.9▪	58.2	70.4	146.9▪	154.7	41.7	50.2	48.7
Brazil	5.9	29.9	16.5	18.7	15.3	22.9	13.8	15.9	23.0	62.6	60.9▪	65.2	101.0	122.0▪	127.6	201.6	150.7	204.6
Chile	3.2	8.3	1.8	2.3	4.4	1.9	9.0	7.9	6.4	6.0	11.8▪	7.5	20.5	32.4▪	17.6	89.5	85.8	47.6
Colombia	1.1	0.1	0.4	0.1	0.6	0.5	5.5	5.7	5.1	4.3	7.8	9.5	11.0	14.2	15.5	105.2	113.0	137.1
Cuba	6.3	30.3	39.4	7.5	5.3	2.7	3.8	6.9	8.5	11.3	16.1▪	15.8	28.9	58.6▪	66.4	118.7	129.6	124.8
Mexico	0.7	1.3	0.5	3.0	0.9	1.9	6.1	5.7	8.5	8.3	8.3▪	8.3	18.1	16.2▪	19.2	77.2	91.1	64.5
Peru	9.9	6.0	9.6	9.4	2.4	2.8	1.5	2.0	5.4	10.4	4.4▪	6.8	31.2	14.8▪	24.6	12.6	22.4	21.9
Uruguay	10.8	25.7	27.5	2.8	1.7	3.6	6.2	7.8	6.6	10.9	18.3	17.4	30.7	53.5	55.1	21.8	14.6	12 6
Venezuela	7.9	6.3	9.1	10.9	5.9	4.7	5.3	4.7	6.0	21.6	22.2▪	19.4	45.7	39.1▪	39.2	98.3	105.1	112 4
Other Latin America	31.0	26.1	19.2	1.4	2.1	1.5	8.1	10.7	14.5	22.5	22.1▪	18.7	63.0	61.0▪	53.9	80.7	110.0	70.4
XIII. Overseas sterling area (including British colonies) [g]	881.5▪	1027.5▪	866.6	189.6[d]	217.5[d]	235.7[d]	100.0	125.7	102.2	276.3	308.2▪	271.7	1447.4▪	1678.9▪	1476.2	287.3	305.3	246.6
Africa :																		
British East Africa	36.8	26.4	21.7	2.0	3.4	1.4	9.8	9.5	7.1	8.8	7.8	6.6	57.4	47.1	36.8	10.6	8.3	7.9
British West Africa	92.1	105.8	89.5	0.4	0.4	0.6	11.0	11.5	8.7	8.4	14.5	6.7	111.9	132.2	105.5	12.4	35.2	14.0
Northern and Southern Rhodesia	72.4	51.8	60.8	..	..	..	2.7	1.0	3.9	6.7	4.9	5.9	81.8	57.7	70.6	12.6	20.5	23.1
Union of South Africa	47.2	53.2	44.6	26.5[d]	43.0[d]	43.7[d]	16.9	19.6	16.6	26.1	32.2	23.2	116.7	148.0	128.1	22.9	17.7	18.2
Asia :																		
Bahrein, Kuwait, Qatar & Tr. Oman	102.0	96.5	100.8	46.3	37.3	44.9	4.1	2.8	2.6	55.7	61.9	43.7	208.1	198.5	192.0	12.6	14.5	17.8
Burma	7.1	6.2	4.0	0.1	0.1	0.3	0.4	0.5	0.5	2.5	1.9	1.9	10.1	8.7	6.7	0.3	1.3	0.9
Ceylon	23.8	22.6	19.8	0.6	0.9	0.8	2.0	4.6	2.8	4.8	4.5▪	5.1	31.2	32.6▪	28.5	9.0	8.5	7.1
Hong Kong	2.2	7.0	7.1	0.1	0.1	0.1	0.1	0.1	0.1	1.1	3.0	1.4	3.5	10.2	8.7	1.8	2.3	1.7
India	66.7	73.5	70.8	3.9	4.3	3.7	7.1	10.2	8.1	19.8	16.7▪	13.3	97.5	104.7▪	95.9	68.6	61.1	51.0
Iraq	43.1	52.2	39.7	41.5	49.3	48.1	8.4	8.7	10.0	29.3	33.0	40.9	122.3	143.2	138.7	1.5	2.3	3.7
Malaya and Singapore	63.9	38.6	39.9	12.6	9.7	10.5	13.7	11.6	9.7	21.7	15.5▪	16.9	111.9	75.4▪	77.0	65.5	63.1	45.2
Pakistan	5.8	20.6	15.4	4.4	7.9	8.3	4.2	10.4	7.5	7.3	17.4▪	13.4	21.7	56.3▪	44.6	5.3	8.0	3.5
Oceania :																		
Australia	145.5	225.5	187.4	37.6	47.0	47.8	8.5	20.5	12.0	57.5	67.3▪	67.1	249.1	360.3▪	314.3	33.6	32.4	29.5
New Zealand	111.7	165.4	83.7	13.2	13.4	25.1	4.3	8.5	6.1	9.1	14.5▪	11.1	138.3	201.8▪	126.0	24.2	22.7	14.2
Other overseas sterling area	61.2▪	82.2▪	81.4	0.4▪	0.7▪	0.4	6.8	6.2	6.5	17.5	13.1▪	14.5	85.9▪	102.2▪	102.8	6.4	7.4	8.8
XIV. Dependent overseas territories (excl. British colonies)	53.3	69.1	52.9	231.2	301.7	248.5	29.2	35.4	34.3	179.9	172.8▪	159.3	493.6	579.0▪	495.0	72.4	96.2	87.8
Belgian Congo and Ruanda Urundi	6.0	4.4	1.9	6.9	7.9	5.7	10.6	11.1	10.5	56.3	48.6▪	49.1	79.8	72.0▪	67.2	15.1	21.9	21.3
Netherlands Antilles and Surinam	22.4▪	18.9	23.0	0.1	—	0.1	0.2	1.2	1.5	48.3	43.7▪	36.6	71.0▪	63.8▪	61.2	35.1	40.4	37.0
French North Africa	23.6▪	23.9	23.7	103.2	140.9	115.0	9.3	8.5	8.5	29.5	24.5	23.0	165.6▪	197.8	170.2	3.8	5.5	3.6
French West and Equatorial Africa	1.1▪	3.6	3.0	76.5	101.8	77.5	3.2	4.7	5.0	6.9	13.0▪	10.2	87.7▪	123.1▪	95.7	1.2	5.0	3.1
Indochina	0.6▪	—	0.1	7.5	5.7	6.0	0.5	0.2	0.4	0.2	0.3	0.3	8.8▪	6.2	6.8	1.8	2.3	3.8
Portuguese dep. overseas territories	0.9	2.7	0.9	1.9	1.8	2.2	2.3	7.3	4.4	17.5	19.7	18.7	22.6	31.5	26.2	11.3	16.2	15.6
Spanish dep. overseas territories	−1.5▪	14.9	−0.4	0.4	1.3	0.2	2.7	2.0	3.6	16.0	19.2▪	17.1	17.6	37.4▪	20.5	0.1	1.5	0.1
Other dependent overseas territories	0.2	0.7	0.7	34.7	42.3	41.8	0.4	0.4	0.4	5.2	3.8	4.3	40.5	47.2▪	47.2	4.0	3.4	3.3
XV. Other overseas countries [g]	99.3▪	68.6▪	57.8	68.1▪	58.9▪	59.2	50.5	72.9	67.9	160.2	208.2▪	184.4	378.1▪	408.6▪	369.3	263.5	305.6	282.2
China (including Taiwan)	6.4	13.5	9.4	1.0	3.2	3.3	2.6	8.2	9.8	4.8	22.9	18.8	14.8	47.8	41.3	5.1	4.1	4.4
Egypt	1.3	11.6	6.8	15.0	13.3	11.2	11.2	5.9	4.6	20.3	22.6▪	14.5	47.8	53.4▪	37.1	1.7	9.6	3.8
Indonesia	4.1	5.8	5.1	3.4	2.2	3.9	16.8	17.0	17.8	37.3	42.7▪	40.8	61.6	67.7▪	67.6	62.4	59.6	55.6
Iran	1.8	1.9	2.2	0.3	0.8	0.8	3.9	7.1	5.0	3.7	4.5▪	3.9	9.7	14.3▪	11.9	6.5	6.0	5.7
Israel	—	4.6	—	0.1	0.1	—	—	—	—	1.8	9.2▪	4.5	1.9	13.9▪	4.5	3.3	2.9	3.3
Japan	29.5	9.8	4.3	3.2	3.3	3.7	1.5	9.6	6.3	17.4	15.2▪	11.5	51.6	37.9▪	25.8	61.0	65.4	72.4
Liberia	1.4	1.7	1.3	—	—	—	0.4	1.1	1.2	0.6	1.1	1.0	2.4	3.9	3.5	6.9	5.3	6.6
Philippines	1.0	1.9	1.6	0.4	0.5	0.6	0.4	0.9	3.2	6.2	6.2	5.5	8.0	9.5	10.9	68.5	84.7	74.7
Saudi Arabia	18.0	0.2	0.9	25.5	18.5	19.8	9.5	10.8	12.0	42.8	45.4▪	41.3	95.8	74.9▪	74.0	15.0	19.8	15.6
Sudan, Anglo-Egyptian	27.1	11.8	21.5	2.8	1.0	4.2	1.3	6.7	5.0	2.1	2.0	3.6	33.3	21.5	34.3	0.5	0.7	1.1
Syria and Lebanon	7.4	2.9	2.8	3.2	4.1	3.5	2.3	3.3	1.0	12.8	20.2▪	22.8	25.7	30.5▪	30.1	2.4	2.6	4.4
Thailand	0.3	0.3	0.8	0.1	0.3	0.4	0.5	0.1	0.1	1.4	1.5	2.4	2.3	2.2	3.7	18.2	22.0	14.6
Rest of other overseas countries	1.0▪	2.6▪	1.1	13.1▪	11.6▪	7.8	0.1	2.2	1.9	9.0	14.7▪	13.8	23.2	31.1▪	24.6	12.0	22.9	20.0
TOTAL OVERSEAS COUNTRIES (excluding U.S. and Canada)	1132.5	1372.1	1165.4	558.4	628.7	608.6	247.2	313.4	298.1	801.5	911.0▪	842.2	2739.6	3225.2▪	2914.3	1470.5	1579.6	1461.2

Area of destination	Exports																	
	United Kingdom [e]			France			Western Germany			Other western European countries [b]			Total of eighteen western European countries			United States [f]		
	1952 III	1953 II	1953 III	1952 III	1953 II	1953 III	1952 III	1953 II	1953 III	1952 III	1953 II	1953 III	1952 III	1953 II	1953 III	1952 III	1953 II	1953 III
XII. Latin American Republics	94.9	70.5	71.6	40.0	59.8	55.9	101.7	103.0	103.8	153.3	144.5▪	155.2	389.9	377.8▪	386.5▪	751.0	733.8	702.0
Argentina	10.1	7.6	8.9	7.4	2.4	7.9	15.3	25.1	22.4	19.8	19.2	25.1	52.6	54.3	64.3	38.0	28.3	28.9
Brazil	38.1	12.8	11.1	17.3	27.5	26.2	44.4	26.9	24.6	53.2	40.0▪	37.9	153.0	107.2▪	99.8	104.2	72.7	71.8
Chile	4.1	2.0	3.4	0.6	1.2	0.9	3.1	5.6	7.3	4.2	2.5▪	6.2	12.0	11.3▪	17.8	26.6	20.8	22.3
Colombia	4.4	6.0	5.1	3.1	11.2	5.5	6.0	7.7	8.2	8.7	12.2▪	12.0	22.2	37.1▪	30.8	56.2	74.1	71.2
Cuba	2.5	2.7	2.6	0.9	1.7	1.8	2.6	2.5	3.0	9.9	10.1▪	9.0	15.9	17.0▪	16.4	121.1	96.9	102.4
Mexico	4.9	4.5	4.7	3.1	3.2	3.0	5.3	7.7	9.0	13.5	14.5	12.4	26.8	29.9	29.1	146.4	149.6	153.1
Peru	5.1	4.7	4.9	0.8	1.4	1.0	3.5	4.2	3.9	6.7	7.0▪	6.9	16.1	17.3▪	16.7	32.2	29.8	28.5
Uruguay	5.1	4.2	6.6	1.2	4.0	4.2	2.6	5.6	5.8	5.5	4.5	6.4	14.4	18.3	23.0	6.2	5.3	7.1
Venezuela	11.7	17.6	13.5	3.7	4.4	3.3	8.2	8.6	9.3	17.0	18.8▪	17.5	40.6	49.4▪	43.6	121.3	131.7	117.5
Other Latin America	8.9	8.4	10.8	1.9	2.8	2.1	10.7	9.1	10.3	14.8	15.7▪	21.8	36.3	36.0▪	45.0	98.8	124.6	99.2
XIII. Overseas sterling area (including British colonies) [g]	665.9	748.6	772.5	24.1	32.5	29.0	58.6	77.4	85.5	165.2	172.5▪	195.2	913.8	1031.0▪	1082.2	184.8	184.8	205.6
Africa :																		
British East Africa	36.1	38.0	38.8	1.1	1.5	1.4	3.2	2.0	1.9	6.0	5.5▪	5.4	46.4	47.0▪	47.5	2.3	4.9	2.2
British West Africa	60.1	65.0	63.2	0.7	2.0	1.4	4.3	6.4	6.2	12.4	12.4▪	16.2	77.5	85.8▪	87.0	4.7	4.6	4.7
Northern and Southern Rhodesia	28.3	30.5	31.8	..	..	..	0.8	0.5	0.4	1.6	0.6	0.8	30.7	31.6	33.0	3.0	2.3	1.7
Union of South Africa	89.6	110.7	105.1	5.7	5.0	4.3	9.6	16.8	20.6	21.7	26.8▪	31.0	126.6	159.3▪	161.0	42.6	52.8	49.7
Asia :																		
Bahrein, Kuwait, Qatar & Tr. Oman	10.8	21.1	17.9	1.0	0.6	0.7	0.5	0.9	0.7	4.0	3.7	3.9	16.3	26.3	23.2	5.5	6.5	5.2
Burma	10.2	12.2	15.7	0.1	0.3	0.2	0.5	0.8	1.7	3.4	2.5	5.9	14.2	15.8	23.5	1.4	1.6	2.0
Ceylon	14.8	17.7	17.1	0.6	0.8	1.0	0.9	2.8	1.2	4.5	6.2	6.3	20.8	27.5	25.6	3.2	2.0	1.5
Hong Kong	20.1	18.1	17.5	2.5	1.5	0.8	3.9	8.1	5.4	9.8	7.5	7.5	36.3	35.2	31.2	5.7	8.8	8.0
India	75.9	80.3	82.3	4.1	5.6	5.9	14.0	16.8	17.4	27.7	31.3	33.5	121.7	134.0	139.1	37.8	32.2	29.8
Iraq	14.6	21.4	20.1	0.8	1.9	1.1	1.0	2.3	2.7	4.6	5.2	6.4	21.0	30.8	30.3	4.8	4.7	4.6
Malaya and Singapore	45.3	49.7	45.1	1.4	2.1	1.2	3.0	3.6	3.6	12.9	13.4▪	13.5	62.6	68.8▪	63.4	8.0	7.9	7.9
Pakistan	36.8	15.4	15.2	1.7	2.0	3.8	5.1	3.7	7.2	20.9	9.9▪	12.4	64.5	31.0▪	38.6	9.0	5.7	34.0
Oceania :																		
Australia	99.1	132.7	160.1	2.6	6.4	4.9	7.4	8.3	11.7	15.0	22.2▪	28.4	124.1	169.6▪	205.1	30.3	24.9	30.0
New Zealand	59.8	60.7	71.1	0.9	1.6	1.2	1.0	1.3	1.8	4.0	6.4	5.7	65.7	70.0	79.8	8.0	7.0	8.6
Other overseas sterling area	64.4	75.1	71.5	0.9	1.2	1.1	3.4	3.1	3.0	16.7	18.9▪	18.3	85.4	98.3▪	93.9	18.5	18.9	15.7
XIV. Dependent overseas territories (excl. British colonies)	39.2	33.8	36.3	368.0	395.0	299.3	16.4	17.7	18.5	122.1	123.0▪	121.8	545.7	569.5▪	475.9	69.7	78.2	72.2
Belgian Congo and Ruanda Urundi	8.3	4.6	5.3	1.8	3.0	3.2	3.8	2.6	3.5	43.3	40.2▪	41.4	57.2	50.4▪	53.4	14.5	15.2	16.1
Netherlands Antilles and Surinam	4.7	3.3	3.8	0.4	0.5	0.3	0.6	0.6	0.5	7.5	6.7	6.6	13.2	11.1▪	11.2	23.6	25.3	18.4
French North Africa	7.9	7.0	6.1	193.5	204.2	171.9	5.2	5.9	5.7	18.0	21.1▪	21.0	224.6	238.2▪	204.7	7.9	13.8	13.6
French West and Equatorial Africa	4.9	4.7	5.0	59.8	66.7	51.4	1.5	2.5	2.7	6.8	7.4▪	6.3	73.0	81.3▪	65.4	4.7	3.6	3.8
Indochina	1.5	3.3	3.2	74.8	78.2	40.8	0.7	1.0	0.4	2.7	2.2	2.4	79.7	84.7	46.8	10.3	9.5	9.7
Portuguese dep. overseas territories	6.1	5.9	6.2	2.9	1.9	0.6	2.6	3.2	4.1	21.4	19.8	19.4	33.0	30.8	30.3	4.3	5.9	6.8
Spanish dep. overseas territories	3.2	2.6	4.3	0.4	1.2	1.7	1.2	0.8	0.8	15.1	16.8▪	17.0	19.9	21.4▪	23.8	0.8	2.5	1.1
Other dependent overseas territories	2.6	2.4	2.4	34.4	39.3	29.4	0.8	1.1	0.8	7.3	8.8▪	7.7	45.1	51.6▪	40.3	3.6	2.4	2.7
XV. Other overseas countries [g]	92.9	88.9	100.3	46.0	61.0	45.8	55.1	64.6	75.4	155.0	176.4▪	174.7	349.0	390.9▪	396.2▪	342.8	407.9	410.9
China (including Taiwan)	3.4	2.4	5.9	0.2	5.4	2.1	1.2	8.8	4.8	5.9	12.8	8.2	10.7	29.4	21.0	13.6	24.1	12.8
Egypt	19.5	16.3	14.5	14.4	18.6	14.9	9.6	14.6	16.0	27.4	33.9▪	31.7	70.9	83.4▪	77.1	15.9	12.4	22.9
Indonesia	13.8	8.5	10.6	1.4	1.1	1.6	14.3	8.7	14.4	50.0	31.3▪	39.9	79.5	49.6▪	66.5	33.5	24.1	30.2
Iran	2.4	4.7	2.3	0.8	1.2	0.9	4.5	7.8	6.7	5.0	6.7▪	4.8	12.7	20.4▪	14.7	4.4	5.2	4.5
Israel	5.4	5.3	6.1	2.8	1.1	1.3	1.6	1.4	4.0	13.4	16.4▪	15.4	23.2	24.2▪	26.8	16.9	16.6	19.2
Japan	6.8	10.6	15.2	2.1	9.1	5.2	7.5	6.1	9.8	12.3	26.8▪	27.2	28.7	52.6▪	57.4	116.6	145.8	159.6
Liberia	0.4	2.6	11.9	—	—	—	0.2	0.2	3.3	1.9	0.4	2.8	2.5	3.2	18.0	5.3	2.4	8.0
Philippines	1.7	1.6	1.4	0.4	0.6	0.4	0.7	1.1	1.1	1.9	3.7	3.7	4.7	7.0	6.6	66.8	101.9	78.1
Saudi Arabia	6.6	4.6	3.7	2.9	2.3	0.9	1.1	0.9	0.8	4.1	3.6	3.6	14.7	11.4	9.0	25.0	23.9	17.1
Sudan, Anglo Egyptian	13.0	12.2	10.6	0.4	1.7	0.8	1.1	1.7	1.8	3.5	2.5▪	2.7	18.0	18.1▪	15.9	0.6	0.6	0.3
Syria and Lebanon	8.5	7.3	6.5	10.8	11.3	9.6	5.8	5.4	6.6	12.8	13.7▪	13.7	37.9	37.7▪	36.4	6.6	10.2	9.3
Thailand	9.1	9.9	9.9	0.9	2.7	2.3	3.7	4.4	4.1	7.2	9.8	9.4	20.9	26.8	25.7	13.3	14.7	12.8
Rest of other overseas countries	2.3	2.9	1.7	8.9	5.9	5.8	3.8	3.5	2.0	9.6	14.8▪	11.6	24.6	27.1▪	21.1	24.3	26.0	36.1
TOTAL OVERSEAS COUNTRIES (excluding U.S. and Canada)	892.9	941.8	980.7	478.1	548.3	430.0	231.8	262.7	283.2	595.6	616.4▪	646.9	2198.4	2369.2▪	2340.8	1348.3	1404.7	1390.7

[a] General imports. [b] Ireland, Iceland, the Netherlands, Belgium-Luxembourg, Switzerland, Italy, Portugal, Greece, Spain, Turkey, Denmark, Sweden, Norway, Finland and Austria. [c] Imports f.o.b.
[d] The figure includes substantial quantities of non-monetary gold; see Appendix B. [e] Excluding re-exports. [f] Exports excluding special categories. [g] Starting with this SURVEY, Jordan and Libya have been changed from Group XV to Group XIII. The figures in these groups, therefore, are not strictly comparable with those in previous issues of the *Economic Bulletin for Europe*.

Table XXV

IMPORTS OF WHEAT (UNMILLED) INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Quantities in thousands of tons, values in millions of current dollars, c.i.f.

Area of origin	Year July/ June	Importing country															
		United Kingdom		France		Western Germany		Italy		Belgium-Luxembourg		Netherlands		Sweden		Total of countries listed	
		Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
United States . .	1951/52	669	67.7	380	45.3	1 629	151.0	563	51.5	357	28.6	468	41.8	48	4.7	4 114	390.6
	1952/53	514	42.5	76	9.1	1 168	98.3	506	47.1	236	16.8	277	22.9	107	10.5	2 884	247.2
Canada	1951/52	2 808	254.9	125	15.4	266	22.5	460	41.6	371	28.4	240	20.4	47	4.6	4 317	387.8
	1952/53	2 932	235.4	83	8.8	751	63.3	258	22.5	462	31.7	368	29.7	32	3.2	4 886	394.6
Total of dollar[a] area	1951/52	3 477	322.6	505	60.7	1 895	173.5	1 023	93.1	728	57.0	708	62.2	95	9.3	8 431	778.4
	1952/53	3 446	277.9	159	17.9	1 919	161.6	764	69.6	698	48.5	645	52.6	139	13.7	7 770	641.8
Non-dollar Latin America	1951/52	. .	. .	47	6.3	33	4.4	205	20.7	4	0.3	—	—	10	1.1	299	32.8
	1952/53	—	—	—	—	—	—	51	5.6	—	—	—	—	—	—	51	5.6
Overseas sterling area	1951/52	490	43.9	. .	. .	182	17.9	285	25.9	—	—	65	5.6	42	3.7	1 064	97.0
	1952/53	542	44.9	—	—	63	5.4	15	1.2	—	—	73	6.0	9	0.8	702	58.3
Dependent overseas territories	1951/52	. .	. .	40	5.3	—	—	—	—	—	—	—	—	. .	. .	40	5.3
	1952/53	—	—	196	27.6	—	—	—	—	—	—	—	—	—	—	196	27.6
Other overseas countries	1951/52	. .	. .	. .	. .	—	—	—	—	—	—	—	—	. .	. .	. .	. .
	1952/53	—	—	5	0.8	19	2.1	35	3.8	—	—	—	—	—	—	59	6.7
Western Europe .	1951/52	12	1.3	79	11.7	90	8.7	46	4.6	—	—	4	0.3	. .	. .	231	26.6
	1952/53	22	2.3	45	6.6	225	19.0	207	24.1	2	0.3	19	1.8	—	—	520	54.1
Eastern Europe .	1951/52	218	27.5	. .	. .	43	5.3	161	18.2	—	—	13	1.6	89	11.3	524	63.9
	1952/53	—	—	—	—	62	6.7	100	12.3	—	—	54	6.1	84	10.8	300	35.9
Not allocated . .	1951/52	100	12.2	1	0.1	—	—	—	—	—	—	—	—	1	0.1	102	12.4
	1952/53	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	1951/52	4 297	407.5	672	84.1	2 243	209.8	1 720	162.5	732	57.3	790	69.7	237	25.5	10 691	1 016.4
	1952/53	4 010	325.1	405	52.9	2 288	194.8	1 172	116.6	700	48.8	791	66.5	232	25.3	9 598	830.0

Sources for Tables XXV to XXXVIII: Calculated from *Commodity Trade Statistics*, United Nations; *Foreign Trade Statistical Bulletin*, Series IV, O.E.E.C., Paris; and national trade statistics. For further details see Appendix B.

NOTE. — Throughout Tables XXV - XXXVIII the British colonies are included in " overseas sterling area ".

[a] No importés from " other dollar countries ".

Table XXVI

IMPORTS OF MAIZE (UNMILLED) INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Quantities in thousands of tons; values in millions of current dollars, c.i.f.

Area of origin	Year July/ June	Importing country															
		United Kingdom		France		Western Germany		Italy		Belgium-Luxembourg		Netherlands		Sweden		Total of countries listed	
		Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
United States . .	1951/52	668.6	66.1	173.5	13.5	84.6	8.3	46.8	3.9	242.7	18.4	308.0	28.2	—	—	1 524.2	138.4
	1952/53	578.2	47.3	87.6	8.1	226.0	18.3	45.9	4.1	328.2	23.5	293.0	24.3	—	—	1 558.9	125.6
Canada	1951/52	. .	. .	0.1	. .	—	—	—	—	1.3	0.1	9.6	0.9	—	—	11.0	1.0
	1952/53	12.6	1.0	0.1	—	—	—	—	—	2.4	0.2	—	—	—	—	15.1	1.2
Other dollar area	1951/52	. .	. .	. .	. .	—	—	—	—	0.3	—	—	—	—	—	0.3	. .
	1952/53	—	—	—	—	11.5	0.9	—	—	—	—	—	—	—	—	11.5	0.9
Total of dollar area	1951/52	668.6	66.1	173.6	13.5	84.6	8.3	46.8	3.9	244.3	18.5	317.6	29.1	—	—	1 535.5	139.4
	1952/53	590.8	48.3	87.7	8.1	237.5	19.2	45.9	4.1	330.6	23.7	293.0	24.3	—	—	1 585.5	127.7
Non-dollar Latin America	1951/52	165.9	19.2	293.9	30.9	59.0	6.5	—	—	69.5	5.7	14.6	1.4	96.4	13.2	699.3	76.9
	1952/53	117.9	11.0	289.1	31.5	—	—	5.0	0.4	44.2	3.2	19.6	1.8	13.6	1.3	489.4	49.2
Overseas sterling area	1951/52	7.0	0.6	9.7	1.1	108.1	12.6	0.2	—	0.8	0.1	0.2	—	0.4	—	126.4	14.4
	1952/53	87.1	8.7	4.2	0.5	7.9	1.0	—	—	8.7	0.9	5.4	0.6	—	—	113.3	11.7
Dependent overseas territories	1951/52	0.2	—	74.6	8.4	23.2	3.0	—	—	2.8	0.2	2.0	0.2	—	—	102.8	11.8
	1952/53	5.5	0.5	24.6	2.8	6.5	0.5	0.1	—	0.9	0.1	1.9	0.1	—	—	39.5	4.0
Other overseas countries	1951/52	59.5	6.5	12.2	1.4	8.3	0.9	15.1	1.3	16.7	1.3	29.5	2.8	16.2	1.7	157.5	15.9
	1952/53	11.7	1.0	21.8	2.4	1.8	0.2	0.6	—	0.1	—	0.6	0.1	—	—	36.6	3.7
Western Europe .	1951/52	152.8	18.6	69.0	7.7	223.1	27.4	—	—	22.6	1.9	18.5	2.0	4.4	0.5	490.4	58.1
	1952/53	19.3	1.6	4.3	0.6	4.8	0.6	27.2	2.2	24.3	2.1	4.2	0.3	—	—	84.1	7.4
Eastern Europe .	1951/52	253.6	28.9	. .	. .	22.4	2.7	—	—	0.2	—	3.0	0.3	30.0	3.2	309.2	35.1
	1952/53	54.3	5.1	9.9	0.9	4.9	0.4	—	—	4.0	0.3	—	—	3.0	0.3	76.1	7.0
Not allocated . .	1951/52	24.8	3.0	2.0	0.3	—	—	—	—	—	—	—	—	—	—	26.8	3.3
	1952/53	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	1951/52	1 332.4	142.9	635.0	63.3	528.7	61.4	62.1	5.2	356.9	27.7	385.4	35.8	147.4	18.6	3 447.9	354.9
	1952/53	886.6	76.2	441.6	46.8	263.4	21.9	78.8	6.7	412.8	30.3	324.7	27.2	16.6	1.6	2 424.5	210.7

Sources : See Table XXV.

Table XXVII

IMPORTS OF SUGAR INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Quantities in thousands of tons; values in millions of current dollars, c.i.f.

Area of origin	Year July/ June	Importing country: United Kingdom		France		Western Germany		Italy		Belgium-Luxembourg		Netherlands		Sweden		Total of countries listed	
		Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
United States . .	1951/52	156.4	9.1	. .	. .	0.8	0.2	0.1	. .	. .	. .	. .	. .	—	—	157.3	9.3
	1952/53	98.0	4.3	—	—	—	—	0.2	—	1.3	—	7.5	0.8	—	—	107.0	5.1
Other dollar area .	1951/52	1 518.4	193.2	114.5	19.0	225.3	33.1	32.4	4.1	121.0	12.0	346.9	45.8	10.1	0.2	2 368.6	307.4
	1952/53	929.9	87.7	149.0	22.9	103.3	10.6	2.2	0.3	63.4	7.6	179.6	16.7	25.8	2.6	1 453.2	148.4
Total of dollar area	1951/52	1 674.8	202.3	114.5	19.0	226.1	33.3	32.5	4.1	121.0	12.0	346.9	45.8	10.1	0.2	2 525.9	316.7
	1952/53	1 027.9	92.0	149.0	22.9	103.3	10.6	2.4	0.3	64.7	7.6	187.1	17.5	25.8	2.6	1 560.2	153.5
Non-dollar Latin America . . .	1951/52	45.2	4.3	. .	. .	1.2	0.2	. .	. .	. .	. .	16.3	2.7	—	—	62.7	7.2
	1952/53	82.7	7.6	0.2	—	1.9	0.2	—	—	—	—	. .	—	—	—	84.8	7.8
Overseas sterling area	1951/52	899.4	108.5	. .	. .	—	—	. .	. .	. .	. .	. .	. .	—	—	899.4	108.5
	1952/53	1 268.3	150.5	—	—	—	—	0.7	—	—	—	—	—	12.2	0.3	1 281.2	150.8
Dependent overseas territories .	1951/52	. .	. .	141.0	26.0	—	—	0.4	. .	. .	. .	. .	. .	—	—	141.4	26.0
	1952/53	0.4	—	228.9	40.6	—	—	0.1	—	—	—	—	—	—	—	229.4	40.6
Other overseas countries . . .	1951/52	61.9	3.1	0.1	. .	—	—	2.0	0.1	. .	. .	. .	. .	—	—	64.0	3.2
	1952/53	173.4	13.2	—	—	—	—	4.0	0.3	—	—	14.8	1.3	—	—	192.2	14.8
Western Europe .	1951/52	57.3	9.1	1.4	0.3	293.1	57.6	3.1	0.5	19.2	1.1	2.0	0.2	24.7	4.8	400.8	73.6
	1952/53	62.0	8.8	42.7	5.3	38.4	5.6	8.1	1.1	3.0	0.4	3.7	0.1	26.8	3.7	184.7	25.0
Eastern Europe .	1951/52	46.9	4.0	7.9	1.3	95.9	19.1	1.0	0.2	. .	. .	4.9	0.8	38.7	6.2	195.3	31.6
	1952/53	2.8	0.6	8.2	1.4	33.6	5.0	0.1	—	—	—	32.4	4.5	28.2	4.9	105.3	16.4
Not allocated . .	1951/52	55.6	4.9	1.3	0.3	—	—	0.6	0.2	4.4	0.2	4.3	0.2	—	—	66.2	5.8
	1952/53	—	—	—	—	—	—	—	—	—	—	0.3	—	—	—	0.3	—
Total	1951/52	2 841.1	336.2	266.2	46.9	616.3	110.2	39.6	5.1	144.6	13.3	374.4	49.7	73.5	11.2	4 355.7	572.6
	1952/53	2 617.5	272.7	429.0	70.2	177.2	21.4	15.4	1.7	67.7	8.0	238.3	23.4	93.0	11.5	3 638.1	408.9

Sources : See Table XXV. NOTE. — No imports from Canada.

Table XXVIII

IMPORTS OF RAW TOBACCO INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Quantities in thousands of tons; values in millions of current dollars, c.i.f.

Area of origin	Year July/June	Importing country															
		United Kingdom		France		Western Germany		Italy		Belgium-Luxembourg		Netherlands		Sweden		Total of countries listed	
		Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
United States . .	1951/52	101.2	152.9	4.1	4.6	23.6	30.2	—	—	13.2	13.0	8.2	8.7	5.4	8.2	155.7	217.6
	1952/53	48.1	75.6	3.4	4.4	22.8	30.2	—	—	9.4	9.6	10.7	11.3	5.1	7.5	99.5	138.6
Canada	1951/52	16.4	22.0	. .	. .	—	—	—	—	0.1	0.1	0.3	0.1	—	—	16.8	22.2
	1952/53	5.6	7.3	—	—	—	—	—	—	0.2	0.1	—	—	—	—	5.8	7.4
Other dollar area	1951/52	. .	. .	1.6	0.7	3.4	2.2	—	—	1.8	1.0	0.3	0.3	0.2	0.2	7.3	4.4
	1952/53	. .	. .	0.6	0.3	3.3	1.9	—	—	2.1	1.1	0.5	0.5	0.1	0.1	6.6	3.9
Total of dollar area	1951/52	117.6	174.9	5.7	5.3	27.0	32.4	—	—	15.1	14.1	8.8	9.1	5.6	8.4	179.8	244.2
	1952/53	53.7	82.9	4.0	4.7	26.1	32.1	—	—	11.7	10.8	11.2	11.8	5.2	7.6	111.9	149.9
Non-dollar Latin America	1951/52	. .	. .	2.0	1.5	5.4	4.3	—	—	3.1	1.7	2.0	1.7	0.3	0.4	12.8	9.6
	1952/53	. .	. .	1.0	0.6	5.2	3.9	—	—	2.9	1.8	3.2	2.7	0.5	0.4	12.8	9.4
Overseas sterling area	1951/52	48.6	59.0	0.2	0.1	0.3	0.3	—	—	1.4	0.6	3.5	2.0	1.4	1.4	55.4	63.4
	1952/53	49.1	68.5	0.6	0.3	1.1	1.1	—	—	1.7	0.7	5.5	3.0	1.3	1.0	59.3	74.6
Dependent overseas territories	1951/52	. .	. .	11.9	8.3	—	—	—	—	0.2	0.2	0.2	0.1	—	—	12.3	8.6
	1952/53	. .	. .	11.7	10.8	—	—	—	—	0.2	0.2	0.1	0.1	—	—	12.0	11.1
Other overseas countries	1951/52	0.1	0.3	. .	. .	2.5	5.9	—	—	1.3	1.4	2.8	7.1	0.2	1.1	6.9	15.8
	1952/53	. .	. .	0.2	0.6	4.0	7.7	—	—	1.5	2.0	4.1	10.4	0.1	1.0	9.9	21.7
Western Europe .	1951/52	4.4	6.7	14.4	13.6	12.4	13.7	1.1	1.6	2.4	1.8	7.7	8.5	2.1	3.6	44.5	49.5
	1952/53	6.3	9.4	11.4	11.4	15.4	17.2	2.7	2.1	3.0	2.2	7.8	7.9	2.2	3.1	48.8	53.3
Eastern Europe .	1951/52	. .	. .	0.8	0.4	0.2	0.2	0.4	0.6	0.6	0.3	—	—	—	—	2.0	1.5
	1952/53	. .	. .	—	—	0.1	0.1	—	—	0.4	0.2	—	—	—	—	0.5	0.3
Not allocated . .	1951/52	1.0	1.6	1.2	0.7	—	—	—	—	0.2	0.1	—	—	—	—	2.4	2.4
	1952/53	0.4	1.6	—	—	—	—	—	—	—	—	—	—	—	—	0.4	1.6
Total	1951/52	171.7	242.5	36.2	29.9	47.8	56.8	1.5	2.2	24.3	20.2	25.0	28.5	9.6	14.9	316.1	395.0
	1952/53	109.5	162.4	28.9	28.4	51.9	62.1	2.7	2.1	21.4	17.9	31.9	35.9	9.3	13.1	255.6	321.9

Sources : See Table XXV.

Table XXIX

IMPORTS OF OIL-SEEDS INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Quantities in thousands of tons; values in millions of current dollars, c.i.f.

Area of origin	Year July/ June	Importing country															
		United Kingdom		France		Western Germany		Italy		Belgium-Luxembourg		Netherlands		Sweden		Total of countries listed	
		Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
United States . .	1951/52	12.2	2.8	39.5	5.3	4.4	0.8	5.7	1.7	95.1	13.5	49.3	6.7	—	—	206.2	30.8
	1952/53	—	—	1.6	0.2	70.0	9.0	2.1	0.2	19.1	2.4	51.5	6.5	—	—	144.3	18.3
Canada	1951/52	12.9	3.0	6.1	1.3	—	—	▪	▪	54.5	9.6	3.5	0.7	—	—	77.0	14.6
	1952/53	1.1	0.2	32.6	5.2	—	—	3.1	0.6	46.7	7.5	—	—	—	—	83.5	13.5
Other dollar area	1951/52	..	—	25.7	6.1	28.3	6.3	22.4	4.4	94.6	16.6	37.1	7.6	13.9	3.4	222.0	44.4
	1952/53	—	—	4.2	0.8	20.5	2.9	4.6	1.0	67.4	8.9	44.7	7.7	7.1	1.1	148.5	22.4
Total dollar area	1951/52	25.1	5.8	71.3	12.7	32.7	7.1	28.1	6.1	244.2	39.7	89.9	15.0	13.9	3.4	505.2	89.8
	1952/53	1.1	0.2	38.4	6.2	90.5	11.9	9.8	1.8	133.2	18.8	96.2	14.2	7.1	1.1	376.3	54.2
Non-dollar Latin America	1951/52	61.4	8.7	42.1	9.1	24.8	4.4	6.6	1.0	5.8	1.1	2.0	0.4	3.0	0.8	145.7	25.5
	1952/53	—	—	6.9	1.2	35.8	5.7	1.1	0.2	1.2	0.2	—	—	5.5	0.9	50.5	8.2
Overseas sterling area	1951/52	945.0	179.6	34.7	5.8	34.4	6.5	15.6	3.8	4.1	0.9	9.2	2.1	14.4	4.1	1 057.4	202.8
	1952/53	1 090.3	210.9	30.8	6.6	91.4	14.8	17.8	3.7	4.2	0.7	22.1	4.3	12.0	2.3	1 268.6	243.3
Dependent overseas territories	1951/52	8.8	1.0	445.9	116.6	130.2	24.4	1.2	0.3	4.6	0.6	6.3	1.4	6.8	2.0	603.8	146.3
	1952/53	21.5	1.7	400.7	90.8	120.0	17.3	0.9	0.2	12.1	1.5	5.4	1.0	6.4	1.2	567.0	113.7
Other overseas countries	1951/52	185.3	38.2	29.6	7.9	333.6	63.0	24.6	5.1	29.7	5.0	283.7	59.0	7.8	2.2	894.3	180.4
	1952/53	68.7	7.5	23.2	4.9	239.8	38.9	42.8	7.2	30.8	4.7	191.8	30.9	2.8	0.5	599.9	94.6
Western Europe .	1951/52	67.6	9.9	7.2	1.9	74.4	15.4	10.5	1.1	2.5	0.8	5.4	1.1	3.5	0.6	171.1	30.8
	1952/53	6.8	1.5	1.2	0.5	71.1	13.3	10.4	1.1	4.6	0.9	2.6	0.7	9.3	1.6	106.0	19.6
Eastern Europe .	1951/52	..	—	0.1	—	2.1	0.4	..	..	0.1	—	2.5	0.6	—	—	4.8	1.0
	1952/53	—	—	0.1	—	10.0	1.4	0.1	—	0.2	—	2.2	0.5	—	—	12.6	1.9
Not allocated . .	1951/52	0.1	—	—	—	—	—	5.5	1.5	0.3	—	0.2	—	—	—	6.1	1.5
	1952/53	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	1951/52	1 293.3	243.2	630.9	154.0	632.2	121.2	92.1	18.9	291.3	48.1	399.2	79.6	49.4	13.1	3 388.4	678.1
	1952/53	1 188.4	221.8	501.3	110.2	658.6	103.3	82.9	14.2	186.3	26.8	320.3	51.6	43.1	7.6	2 980.9	535.5

Sources: See Table XXV.

Table XXX

IMPORTS OF RUBBER INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Quantities in thousands of tons; values in millions of current dollars, c.i.f.

Area of origin	Year July/ June	Importing country															
		United Kingdom		France		Western Germany		Italy		Belgium-Luxembourg		Netherlands		Sweden		Total of countries listed	
		Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
United States . .	1951/52	3.9	4.1	2.6	1.5	4.5	2.4	2.0	1.5	1.1	0.6	0.3	0.3	0.6	0.5	15.0	10.9
	1952/53	3.0	3.1	2.4	1.9	6.6	3.3	2.3	1.6	0.6	0.3	0.4	0.3	1.4	0.9	16.7	11.4
Canada	1951/52	1.6	1.4	12.2	7.4	4.9	3.1	4.5	2.7	1.3	0.8	. .	—	0.7	0.5	25.2	15.9
	1952/53	2.1	1.7	10.4	6.3	3.0	2.1	3.8	2.2	1.6	0.9	. .	. .	0.2	0.2	21.1	13.4
Total of dollar area	1951/52	5.5	5.5	14.8	8.9	9.4	5.5	6.5	4.2	2.4	1.4	0.3	0.3	1.3	1.0	40.2	26.8
	1952/53	5.1	4.8	12.8	8.2	9.6	5.4	6.1	3.8	2.2	1.2	0.4	0.3	1.6	1.1	37.8	24.8
Non-dollar Latin America . . .	1951/52	0.3	0.4	. .	. .	0.1	0.1	. .	—	—	—	. .	—	—	—	0.4	0.5
	1952/53	0.2	0.2	0.1	0.1	0.1	—	—	—	—	—	. .	. .	—	—	0.4	0.3
Overseas sterling area	1951/52	347.3	362.2	77.5	79.8	61.3	57.7	50.8	58.7	5.4	5.2	1.8	1.6	15.7	15.7	559.8	580.9
	1952/53	291.3	192.3	71.6	43.2	78.4	44.8	42.0	26.6	6.0	3.4	4.8	2.7	17.2	10.1	511.3	323.1
Dependent overseas territories	1951/52	4.2	4.7	39.8	40.5	1.6	1.5	0.1	0.1	5.9	5.0	—	0.1	—	—	51.6	51.9
	1952/53	2.0	1.0	39.5	25.3	2.3	1.4	0.7	0.4	8.4	4.2	0.4	0.2	0.1	0.1	53.4	32.6
Other overseas countries . . .	1951/52	32.8	37.7	14.4	15.0	27.5	26.4	3.5	3.5	4.3	4.5	9.0	7.4	1.0	1.2	92.5	95.7
	1952/53	9.1	6.9	5.0	3.0	34.8	20.1	2.4	1.5	2.8	1.5	9.8	5.3	0.9	0.5	64.8	38.8
Western Europe .	1951/52	0.5	0.4	0.6	0.3	7.2	1.1	1.8	0.6	1.5	0.4	4.8	2.0	2.2	0.3	18.6	5.1
	1952/53	1.5	0.8	2.1	0.5	5.4	0.5	3.5	0.6	1.6	0.4	7.2	1.1	0.5	0.2	21.8	4.1
Eastern Europe .	1951/52	. .	. .	. .	. .	—	—	. .	—	—	—	. .	—	—	—	. .	. .
	1952/53	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Not allocated . .	1951/52	2.7	2.5	2.7	1.4	—	—	0.1	—	—	—	0.1	—	—	—	5.6	3.9
	1952/53	—	—	—	—	—	—	—	—	—	—	0.1	0.1	—	—	0.1	0.1
Total	1951/52	393.3	413.4	149.8	145.9	107.1	92.3	62.8	67.1	19.5	16.5	16.0	11.4	20.2	18.2	768.7	764.8
	1952/53	309.2	206.0	131.1	80.3	130.6	72.2	54.7	32.9	21.0	10.7	22.7	9.7	20.3	12.0	689.6	423.8

Sources : See Table XXV.

NOTE. — No imports from " other dollar countries ".

Table XXXI

IMPORTS OF TIMBER [a] INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Values in millions of current dollars, c.i.f.

Area of origin	Year July/June	Importing country							
		United Kingdom	France	Western Germany	Italy	Belgium-Luxembourg	Netherlands	Sweden	Total of countries listed
United States . .	1951/52	41.3	2.3	3.2	1.7	7.2	0.9	0.5	57.1
	1952/53	8.4	1.3	2.6	2.0	3.3	1.0	0.7	19.3
Canada	1951/52	162.4	8.6	3.6	—	0.5	0.4	0.1	175.6
	1952/53	115.3	5.1	3.2	0.2	0.8	0.1	—	124.7
Other dollar area	1951/52	1.4	0.1	1.3	0.1	0.1	0.4	0.1	3.5
	1952/53	0.8	0.1	0.9	0.2	—	0.1	—	2.1
Total of dollar area	1951/52	205.1	11.0	8.1	1.8	7.8	1.7	0.7	236.2
	1952/53	124.5	6.5	6.7	2.4	4.1	1.2	0.7	146.1
Non-dollar Latin America	1951/52	14.4	0.5	1.7	0.1	1.2	0.4	—	18.3
	1952/53	9.6	0.1	1.5	0.7	0.4	0.2	—	12.5
Overseas sterling area	1951/52	48.9	0.2	3.7	1.3	0.3	0.6	0.7	55.7
	1952/53	40.9	0.2	2.7	1.6	0.3	0.7	0.7	47.1
Dependent overseas territories	1951/52	5.4	17.2	9.5	0.4	2.3	2.9	1.2	38.9
	1952/53	2.7	10.4	11.5	0.4	1.3	2.3	0.3	28.9
Other overseas countries	1951/52	10.5	0.1	0.4	1.2	1.7	1.4	0.8	16.1
	1952/53	5.3	0.1	0.6	0.7	1.9	1.7	0.5	10.8
Western Europe .	1951/52	279.8	32.4	78.0	35.9	29.6	75.1	20.5	551.3
	1952/53	200.9	42.3	115.1	52.1	23.1	57.8	21.2	512.5
Eastern Europe .	1951/52	40.6	0.5	3.8	1.4	7.2	8.4	0.2	62.1
	1952/53	38.3	2.3	5.5	3.7	7.6	11.3	0.4	69.1
Not allocated . .	1951/52	1.0	2.1	—	1.5	0.1	—	—	4.7
	1952/53	0.1	—	—	—	—	0.3	—	0.4
Total	1951/52	605.7	64.0	105.2	43.6	50.2	90.5	24.1	983.3
	1952/53	422.3	61.9	143.6	61.6	38.7	75.5	23.8	827.4

Sources : See Table XXV.

[a] Includes round, hewn and sawn wood.

Table XXXII

IMPORTS OF WOOD-PULP INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Quantities in thousands of tons; values in millions of current dollars, c.i.f.

Area of origin	Year July/ June	Importing country													
		United Kingdom		France		Western Germany		Italy		Belgium-Luxembourg		Netherlands		Total of countries listed	
		Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
United States . .	1951/52	51.6	12.0	39.0	7.8	34.9	7.5	7.5	1.2	8.8	1.9	6.1	2.4	147.9	32.8
	1952/53	17.4	3.5	9.1	2.3	11.8	2.8	10.0	1.6	2.1	0.5	3.8	1.1	54.2	11.8
Canada	1951/52	248.6	55.7	44.4	15.1	32.0	10.7	14.6	5.7	16.5	2.6	1.1	0.4	357.2	90.2
	1952/53	161.5	28.1	24.9	4.7	5.5	1.4	1.8	0.4	1.9	0.3	—	—	195.6	34.9
Total of dollar area	1951/52	300.2	67.7	83.4	22.9	66.9	18.2	22.1	6.9	25.3	4.5	7.2	2.8	505.1	123.0
	1952/53	178.9	31.6	34.0	7.0	17.3	4.2	11.8	2.0	4.0	0.8	3.8	1.1	249.8	46.7
Overseas sterling area	1951/52	8.2	0.9	..	..	—	—	..	..	—	—	—	—	8.2	0.9
	1952/53	0.1	—	—	—	—	—	—	—	—	—	—	—	0.1	—
Dependent overseas territories .	1951/52	0.6	0.2	0.6	0.1	0.1	—	0.1	—	—	—	—	—	1.4	0.3
	1952/53	..	—	1.4	0.2	0.1	—	—	—	—	—	—	—	1.5	0.2
Other overseas countries . . .	1951/52	0.1	—	0.1	..	—	—	3.4	1.4	—	—	—	—	3.6	1.4
	1952/53	..	—	—	—	—	—	—	—	—	—	—	—	..	—
Western Europe .	1951/52	1 487.3	342.2	656.9	148.6	311.3	87.4	201.1	66.2	148.2	28.5	204.2	39.6	3 009.0	712.5
	1952/53	1 141.7	133.2	478.9	56.9	309.4	34.6	220.4	28.0	151.9	15.5	223.7	21.6	2 526.0	289.8
Eastern Europe .	1951/52	11.1	3.9	0.8	0.3	0.5	0.2	2.3	0.8	1.8	0.5	1.1	0.4	17.6	6.1
	1952/53	1.2	0.2	1.2	0.3	—	—	4.7	0.5	0.7	0.1	1.4	0.2	9.2	1.3
Not allocated . .	1951/52	—	—	6.2	1.4	—	—	13.4	3.9	—	—	—	—	19.6	5.3
	1952/53	0.6	—	—	—	—	—	—	—	—	—	—	—	0.6	—
Total	1951/52	1 807.5	414.9	748.0	173.3	378.8	105.8	242.4	79.2	175.3	33.5	212.5	42.8	3 564.5	849.5
	1952/53	1 322.5	165.0	515.5	64.4	326.8	38.8	236.9	30.5	156.6	16.4	228.9	22.9	2 787.2	338.0

Sources : See Table XXV.

NOTE. — No imports from " other dollar countries " or from " non-dollar Latin America ". No imports into Sweden.

Table XXXIII

IMPORTS OF RAW WOOL INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Quantities in thousands of tons; values in millions of current dollars, c.i.f.

Area of origin	Year July/June	Importing country															
		United Kingdom		France		Western Germany		Italy		Belgium-Luxembourg		Netherlands		Sweden		Total of countries listed	
		Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
United States . .	1951/52	..	..	..	..	0.9	0.8	0.1	0.2	—	—	..	..	—	—	1.0	1.0
	1952/53	..	..	—	—	..	..	0.1	0.2	—	—	—	—	—	—	0.1	0.2
Non-dollar Latin America . . .	1951/52	4.7	6.6	3.3	6.3	2.6	6.2	2.5	8.9	0.7	1.1	0.3	0.6	0.6	1.3	14.7	31.0
	1952/53	76.0	111.4	10.1	13.0	21.9	32.1	8.9	12.7	25.2	29.4	3.8	6.2	1.4	2.7	147.3	207.5
Overseas sterling area	1951/52	240.6	424.2	119.8	213.1	34.1	71.0	50.8	107.0	43.6	66.7	5.4	9.2	5.0	12.7	499.3	903.9
	1952/53	303.5	501.2	115.7	180.3	49.4	83.4	65.4	118.5	44.7	62.6	4.2	6.5	3.4	6.3	586.3	958.8
Dependent overseas territories	1951/52	..	..	2.2	1.8	0.1	0.1	..	..	—	—	..	..	—	—	2.3	1.9
	1952/53	..	..	3.3	3.0	..	..	0.2	0.1	0.1	0.1	—	—	—	—	3.6	3.2
Other overseas countries	1951/52	..	..	0.1	0.1	0.4	0.5	0.2	0.2	—	—	..	..	—	—	0.7	0.8
	1952/53	..	..	—	—	..	..	0.4	0.3	—	—	—	—	—	—	0.4	0.3
Western Europe .	1951/52	5.5	10.1	1.9	3.8	12.4	26.4	3.0	5.5	3.0	4.8	3.3	6.6	0.7	2.0	29.8	59.2
	1952/53	14.5	26.6	1.3	2.2	11.5	24.6	10.0	19.1	5.5	8.0	3.6	7.1	1.0	1.9	47.4	89.5
Not allocated . .	1951/52	1.1	1.9	0.2	0.5	0.3	0.1	1.7	3.1	—	—	0.3	0.4	—	—	3.6	6.0
	1952/53	2.4	3.1	—	—	0.6	0.4	0.5	0.9	—	—	—	—	—	—	3.5	4.4
Total.	1951/52	251.9	442.8	127.5	225.6	50.8	105.1	58.3	124.9	47.3	72.6	9.3	16.8	6.3	16.0	551.4	1 003.8
	1952/53	396.4	642.3	130.4	198.5	83.4	140.5	85.5	151.8	75.5	100.1	11.6	19.8	5.8	10.9	788.6	1 263.9

Sources : See Table XXV.

NOTE. — Imports from Canada, " other dollar area ", and Eastern Europe are negligible.

Table XXXIV

IMPORTS OF RAW COTTON INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Quantities in thousands of tons; values in millions of current dollars, c.i.f.

Area of origin	Year July/June	Importing country															
		United Kingdom		France		Western Germany		Italy		Belgium-Luxembourg		Netherlands		Sweden		Total of countries listed	
		Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
United States . .	1951/52	186.5	155.0	102.7	91.3	115.3	107.6	153.9	159.3	74.3	71.7	41.2	41.7	22.7	21.2	696.6	647.8
	1952/53	83.2	71.7	112.8	89.9	74.9	58.6	107.0	97.2	30.4	25.5	31.9	28.5	9.1	8.2	449.3	379.6
Canada	1951/52	..	..	..	..	—	—	0.2	0.1	..	..	..	..	—	—	0.2	0.1
	1952/53	—	—	—	—	—	—	0.2	0.2	—	—	—	—	—	—	0.2	0.2
Other dollar area	1951/52	20.7	23.0	47.1	45.8	11.3	7.9	6.1	5.8	2.9	2.8	..	..	5.7	7.2	93.8	92.5
	1952/53	7.7	6.6	5.5	4.3	29.9	23.5	4.6	4.1	15.8	14.0	4.0	3.5	4.3	3.9	71.8	59.9
Total of dollar area	1951/52	207.2	178.0	149.8	137.1	126.6	115.5	160.2	165.2	77.2	74.5	41.2	41.7	28.4	28.4	790.6	740.4
	1952/53	90.9	78.3	118.3	94.2	104.8	82.1	111.8	101.5	46.2	39.5	35.9	32.0	13.4	12.1	521.3	439.7
Non-dollar Latin America	1951/52	77.3	119.3	31.7	44.7	28.8	29.1	4.5	4.1	6.3	8.3	4.3	6.0	4.5	6.7	157.4	218.2
	1952/53	56.7	44.2	16.4	16.3	22.6	10.2	0.3	0.3	12.4	10.9	5.0	4.5	4.9	4.7	118.3	91.1
Overseas sterling area	1951/52	63.9	73.1	16.4	19.6	18.4	24.8	22.6	25.9	2.1	0.8	1.5	1.5	1.7	1.8	126.6	147.5
	1952/53	88.4	75.4	24.7	19.2	41.4	30.6	16.8	12.0	14.6	7.7	7.8	5.0	5.3	4.0	199.0	153.9
Dependent overseas territories	1951/52	8.5	9.0	36.8	41.0	6.9	7.2	0.1	0.2	18.2	18.1	0.4	0.4	0.5	0.6	71.4	76.5
	1952/53	9.1	6.6	36.0	31.6	17.2	15.4	—	—	13.9	10.9	1.7	1.5	1.3	1.2	79.2	67.2
Other overseas countries	1951/52	103.9	208.1	41.5	66.7	17.9	31.6	26.4	45.3	2.0	2.8	1.2	2.1	0.8	0.9	193.7	357.5
	1952/53	58.0	62.0	71.5	69.4	50.5	48.0	44.0	47.2	6.2	5.0	5.6	5.3	3.7	3.4	239.5	240.3
Western Europe .	1951/52	6.7	4.9	17.6	18.0	36.7	39.2	10.5	9.4	2.8	1.2	8.4	6.1	4.5	2.5	87.2	81.3
	1952/53	21.0	12.5	19.8	15.1	41.0	31.2	18.4	15.1	6.1	2.2	15.0	9.8	4.6	1.8	125.9	87.7
Eastern Europe .	1951/52	4.6	1.2	0.5	0.1	—	—	—	—	0.4	0.2	0.4	0.1	0.1	0.1	6.0	1.7
	1952/53	0.6	0.1	0.1	—	—	—	—	—	0.3	0.1	—	—	—	—	1.0	0.2
Not allocated . .	1951/52	10.2	10.7	3.8	2.8	—	—	—	—	1.2	0.5	1.0	1.3	—	—	16.2	15.3
	1952/53	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	1951/52	482.3	604.3	298.1	330.0	235.3	247.4	224.3	250.1	110.2	106.4	58.4	59.2	40.5	41.0	1 449.1	1 638.4
	1952/53	324.7	279.1	286.8	245.8	277.5	217.5	191.3	176.1	99.7	76.3	71.0	58.1	33.2	27.2	1 284.2	1 080.1

Sources: See Table XXV.

Table XXXV

IMPORTS OF CRUDE PETROLEUM INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Quantities in thousands of metric tons; values in millions of current dollars, c.i.f.

Area of origin	Year July/June	Importing country															
		United Kingdom		France		Western Germany		Italy		Belgium-Luxembourg		Netherlands		Sweden		Total of countries listed	
		Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
United States	1951/52	89.3	3.4	88.9	2.9	—	—	73.0	2.0	—	—	—	—	—	—	251.2	8.3
	1952/53	95.4	3.0	98.6	2.8	—	—	48.0	1.6	—	—	—	—	—	—	242.0	7.4
Other dollar area	1951/52	542.8	15.3	1 269.6	33.6	515.3	13.1	444.7	11.4	86.5	2.3	801.3	20.9	164.8	4.9	3 825.0	101.5
	1952/53	633.2	15.3	1 156.6	27.5	664.6	16.0	548.8	12.4	49.6	0.9	238.3	6.5	159.3	3.8	3 450.4	82.4
Total of dollar area . . .	1951/52	632.1	18.7	1 358.5	36.5	515.3	13.1	517.7	13.4	86.5	2.3	801.3	20.9	164.8	4.9	4 076.2	109.8
	1952/53	728.6	18.3	1 255.2	30.3	664.6	16.0	596.8	14.0	49.6	0.9	238.3	6.5	159.3	3.8	3 692.4	89.8
Non-dollar Latin America.	1951/52	150.8	4.8	—	..	..	—	—	—	—	—	—	—	—	—	150.8	4.8
	1952/53	114.1	3.8	—	—	—	—	—	—	—	—	—	—	—	—	114.1	3.8
Overseas sterling area . .	1951/52	13 815.9	392.2	12 390.1	320.6	1 590.8	44.8	3 285.6	73.5	1 750.9	48.6	4 335.5	118.8	728.9	18.1	37 897.7	1 016.6
	1952/53	21 632.4	577.4	15 233.7	347.6	1 729.4	46.3	6 080.9	132.7	2 171.7	60.1	4 570.3	121.5	800.2	20.4	52 218.6	1 306.0
Dependent overseas territories	1951/52	1 154.0	28.6	117.4	2.4	..	—	98.5	2.2	79.8	1.7	8.1	0.2	—	—	1 457.8	35.1
	1952/53	525.4	12.1	88.1	2.1	46.5	0.9	90.3	1.8	94.0	1.9	424.8	8.5	—	—	1 269.1	27.3
Other overseas countries .	1951/52	5 977.8	167.2	5 948.0	168.1	1 169.8	31.9	5 063.2	110.3	11.5	0.3	1 384.5	36.3	231.6	6.0	19 786.4	520.1
	1952/53	1 040.7	28.8	5 345.3	139.0	1 341.8	35.1	4 276.3	92.3	97.2	2.3	1 769.7	44.3	379.4	9.6	14 250.4	351.4
Western Europe	1951/52	12.1	0.6	—	..	..	—	1.9	—	—	—	5.4	0.1	—	—	19.4	0.7
	1952/53	26.3	1.1	—	—	—	—	—	—	—	—	—	—	—	—	26.3	1.1
Eastern Europe	1951/52	..	..	—	..	..	—	56.3	1.4	—	—	—	—	—	—	56.3	1.4
	1952/53	—	—	—	—	—	—	162.9	3.9	—	—	—	—	—	—	162.9	3.9
Not allocated	1951/52	21.5	0.7	—	0.1	0.6	—	—	—	—	—	—	—	—	—	22.1	0.8
	1952/53	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total . . .	1951/52	21 764.2	612.8	19 814.0	527.7	3 276.5	89.8	9 023.2	200.8	1 928.7	52.9	6 534.8	176.3	1 125.3	29.0	63 466.7	1 689.3
	1952/53	24 067.5	641.5	21 922.3	519.0	3 782.3	98.3	11 207.2	244.7	2 412.5	65.2	7 003.1	180.8	1 338.9	33.8	71 733.8	1.783.3

Sources: See Table XXV.

Note. — No imports from Canada.

Table XXXVI

IMPORTS OF REFINED PETROLEUM INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Quantities in thousands of tons; values in millions of current dollars, c.i.f.

Area of origin	Year July/ June	Importing country: United Kingdom		France		Western Germany [a]		Italy		Belgium-Luxembourg		Netherlands		Sweden		Total of countries listed	
		Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
United States . .	1951/52	..	122.1	234.3	21.2	177.5	9.2	118.2	11.9	314.2	20.8	102.4	8.0	..	21.6	—	214.8
	1952/53	..	82.2	204.1	15.3	147.0	9.0	113.1	11.3	257.8	15.2	109.3	7.2	..	13.5	..	153.7
Canada	1951/52	..	2.3	..	..	—	—	7.2	0.5	..	..	—	—	..	—	..	2.8
	1952/53	..	0.6	—	—	—	—	10.1	0.7	..	..	—	—	..	—	..	1.3
Other dollar area	1951/52	..	22.1	207.4	8.1	129.3	4.3	21.2	0.4	167.7	4.9	95.8	2.7	..	20.0	..	62.5
	1952/53	..	8.0	102.3	3.8	47.6	1.7	22.9	0.7	201.5	5.2	148.1	3.6	..	25.9	..	48.9
Total of dollar area	1951/52	..	146.5	441.7	29.3	306.8	13.5	146.6	12.8	481.9	25.7	198.2	10.7	..	41.6	..	280.1
	1952/53	..	90.8	306.4	19.1	194.6	10.7	146.1	12.7	459.3	20.4	257.4	10.8	..	39.4	..	203.9
Overseas sterling area	1951/52	..	44.7	11.9	0.3	—	—	12.5	0.3	33.0	1.0	8.0	0.3	..	9.0	..	55.6
	1952/53	..	48.6	12.6	0.3	—	—	30.3	0.6	15.6	0.7	3.0	0.1	..	6.5	..	56.8
Dependent overseas territories .	1951/52	..	105.3	55.1	2.3	7.3	0.2	39.8	1.0	720.8	22.7	487.4	16.9	..	48.3	..	196.7
	1952/53	..	71.7	45.0	1.2	14.6	0.6	43.1	1.0	555.1	19.3	442.6	17.1	..	48.8	..	159.7
Other overseas countries . . .	1951/52	..	7.5	111.2	3.5	43.8	2.5	197.2	5.1	59.1	2.6	164.3	5.7	..	4.4	..	31.3
	1952/53	..	0.4	21.8	0.8	9.7	0.6	127.3	4.3	1.8	—	108.3	2.8	..	2.7	..	11.6
Western Europe .	1951/52	..	43.2	226.0	8.2	181.5	7.9	84.7	4.6	1 207.1	42.1	259.4	9.7	..	36.3	..	152.0
	1952/53	..	44.5	484.1	17.9	428.0	17.7	188.6	7.4	1 013.3	35.5	471.4	16.3	..	44.2	..	183.5
Eastern Europe .	1951/52	..	1.3	36.6	1.4	0.2	0.1	90.5	2.5	30.1	1.1	0.2	—	..	0.9	..	7.3
	1952/53	..	—	53.7	1.8	25.2	0.9	230.7	4.6	21.3	0.6	1.1	0.2	..	2.3	..	10.4
Not allocated . .	1951/52	..	—	18.3	0.9	—	—	11.2	0.6	5.6	0.1	—	—	..	—	..	1.6
	1952/53	..	—	—	—	—	—	5.5	0.1	1.6	0.1	—	—	..	—	..	0.2
Total	1951/52	..	348.5	900.8	45.9	539.6	24.2	582.5	26.9	2 537.6	95.3	1 117.5	43.3	..	140.5	..	724.6
	1952/53	..	256.0	923.6	41.1	672.1	30.5	771.6	30.7	2 068.0	76.6	1 283.8	47.3	..	143.9	..	626.1

Sources: See Table XXV.

Note. — Imports from non-dollar Latin America are negligible.

[a] Bunkers for German ships, which are not available by countries of origin, were excluded.

Table XXXVII

IMPORTS OF FATS AND OILS INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Values in millions of current dollars, c.i.f.

Area of origin	Year July/June	Importing country							
		United Kingdom	France	Western Germany	Italy	Belgium-Luxembourg	Netherlands	Sweden	Total of countries listed
United States . .	1951/52	12.8	4.3	17.7	26.0	14.8	10.0	0.5	86.1
	1952/53	4.9	1.3	14.2	10.0	4.3	8.2	. .	42.9
Canada	1951/52	1.3	—	0.3	. .	0.8	0.6	. .	3.0
	1952/53	2.3	—	. .	0.1	0.4	0.1	. .	2.9
Other dollar area	1951/52	0.6	0.2	3.2	1.9	. .	. .	. .	5.9
	1952/53	0.1	0.1	0.2	0.6	—	0.2	. .	1.2
Total of dollar area	1951/52	14.7	4.5	21.2	27.9	15.6	10.6	0.5	95.0
	1952/53	7.3	1.4	14.4	10.7	4.7	8.5	. .	47.0
Non-dollar Latin America . . .	1951/52	104.7	13.6	9.7	4.2	0.3	5.5	1.6	139.6
	1952/53	5.2	2.5	7.8	2.4	0.4	2.1	1.3	21.7
Overseas sterling area	1951/52	139.8	8.1	15.2	10.6	1.6	4.4	4.5	184.2
	1952/53	134.3	0.3	22.2	16.4	6.3	4.5	0.9	184.9
Dependent overseas territories .	1951/52	11.8	53.5	11.5	5.5	11.4	0.4	1.0	95.1
	1952/53	7.4	64.2	11.9	6.4	9.5	0.4	0.2	100.0
Other overseas countries . . .	1951/52	7.9	3.1	9.1	1.0	6.9	22.4	0.3	50.7
	1952/53	5.3	0.8	18.1	4.2	3.1	20.0	0.6	52.1
Western Europe .	1951/52	28.0	20.6	84.8	6.6	1.7	8.4	13.4	163.5
	1952/53	10.1	8.1	68.9	14.3	3.8	4.6	7.5	117.3
Eastern Europe .	1951/52	. .	—	0.5	. .	0.7	2.2	. .	3.4
	1952/53	0.2	—	0.4	0.1	0.8	0.4	. .	1.9
Not allocated . .	1951/52	3.7	—	—	0.1	0.1	0.1	0.1	4.1
	1952/53	4.9	—	0.2	—	—	3.5	0.2	8.8
Total	1951/52	310.6	103.4	152.0	55.9	38.3	54.0	21.4	735.6
	1952/53	174.7	77.3	143.9	54.5	28.6	44.0	10.7	533.7

Sources : See Table XXV.

Table XXXVIII

IMPORTS OF COPPER INTO SELECTED WESTERN EUROPEAN COUNTRIES BY AREA OF ORIGIN

Quantities in thousands of tons; values in millions of current dollars, c.i.f.

Area of origin	Year July/ June	Importing country															
		United Kingdom		France		Western Germany		Italy		Belgium-Luxembourg		Netherlands		Sweden		Total of countries listed	
		Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V	Q	V
United States . .	1951/52	44.4	31.1	21.1	16.9	25.9	23.6	13.5	8.6	0.9	0.8	7.1	4.3	1.5	1.3	114.4	86.6
	1952/53	29.3	23.1	26.2	21.4	13.4	12.5	11.6	8.6	—	—	4.9	3.7	2.3	2.1	87.7	71.4
Canada	1951/52	43.8	28.0	8.6	6.2	1.7	1.6	2.3	2.2	—	—	..	..	5.5	5.0	61.9	43.0
	1952/53	35.6	27.2	6.4	5.2	0.4	0.3	0.4	0.3	—	—	0.1	0.1	0.4	0.3	43.3	33.4
Other dollar area	1951/52	..	..	..	..	3.9	4.4	1.8	1.9	—	—	..	..	—	—	5.7	6.3
	1952/53	..	..	—	—	3.0	2.4	1.6	1.3	—	—	—	—	—	—	4.6	3.7
Total of dollar area	1951/52	88.2	59.1	29.7	23.1	31.5	29.6	17.6	12.7	0.9	0.8	7.1	4.3	7.0	6.3	182.0	135.9
	1952/53	64.9	50.3	32.6	26.6	16.8	15.2	13.6	10.2	—	—	5.0	3.8	2.7	2.4	135.6	108.5
Non-dollar Latin America	1951/52	9.6	5.2	13.5	9.9	11.8	9.1	27.6	21.3	0.4	0.2	0.1	..	7.9	8.9	70.9	54.6
	1952/53	0.8	0.5	6.6	5.3	14.5	12.5	19.0	17.0	—	—	—	—	0.3	0.3	41.2	35.6
Overseas sterling area	1951/52	222.8	127.1	8.8	7.0	15.6	10.2	6.6	4.7	24.7	14.0	..	..	12.7	7.8	291.2	170.8
	1952/53	252.1	169.2	2.9	2.3	13.1	8.6	14.1	12.4	15.3	9.6	—	—	14.3	10.4	311.8	212.5
Dependent overseas territories	1951/52	0.1	..	31.6	23.0	0.2	0.1	1.7	1.1	125.5	82.4	..	..	1.2	0.7	160.3	107.3
	1952/53	..	..	44.4	35.1	—	—	14.6	11.0	114.7	89.6	—	—	0.5	0.3	174.2	136.0
Other overseas countries	1951/52	..	..	0.5	0.4	8.4	9.9	1.5	1.6	0.3	0.1	..	..	—	—	10.7	12.0
	1952/53	..	..	0.2	0.2	0.2	0.3	0.3	0.2	—	—	—	—	—	—	0.7	0.7
Western Europe .	1951/52	41.4	27.5	32.7	28.4	52.0	34.5	6.8	5.6	5.0	2.8	8.4	5.5	19.1	12.6	165.4	116.9
	1952/53	52.2	40.2	46.4	37.4	62.5	37.6	24.9	18.4	10.4	6.8	6.5	4.7	19.8	14.0	222.7	159.1
Not allocated . .	1951/52	1.3	1.4	0.7	0.4	—	—	3.6	2.1	—	—	0.1	0.1	—	—	5.7	4.0
	1952/53	0.2	0.1	—	—	—	—	—	—	—	—	—	—	—	—	0.2	0.1
Total	1951/52	363.4	220.3	117.5	92.2	119.5	93.4	65.4	49.1	156.8	100.3	15.7	9.9	47.9	36.3	886.2	601.5
	1952/53	370.2	260.3	133.1	106.9	107.1	74.2	86.5	69.2	140.4	106.0	11.5	8.5	37.6	27.4	886.4	652.5

Sources : See Table XXV.

NOTE. — Imports from Eastern Europe are negligible.

EXPORTS OF SELECTED EUROPEAN COUNTRIES AND THE UNITED ST

Millions of

Area of destination / Exporting country and commodity group	NORTH AMERICA			of which : United States *a*			of which : Canada *a*			LATIN AMERICA			OVERSEAS STERLI AREA *b*	
	1952		1953	1952		1953	1952		1953	1952		1953	1952	
	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half
UNITED KINGDOM														
1. Food, drink and tobacco	35.5	39.7	38.1	28.2	29.2	30.2	6.8	10.5	7.3	6.2	6.4	6.6	91.5	78.9
2. Mineral fuels and petroleum products	1.9	2.6	1.9	0.2	0.2	0.1	1.7	2.3	1.6	4.2	1.6	1.5	22.7	27.7
3. Metallic ores and base metals	28.3	22.7	30.9	17.3	11.9	18.9	10.8	10.8	11.9	13.6	11.7	9.8	87.0	85.4
of which : Iron and steel	*13.3*	*11.9*	*15.2*	*3.2*	*2.1*	*4.7*	*10.1*	*9.8*	*10.4*	*10.9*	*8.9*	*7.2*	*70.5*	*68.8*
4. Oil-seeds, fats and oils	0.8	1.6	5.8	0.2	0.8	5.0	0.5	0.6	0.7	0.1	0.1	0.1	1.2	2.0
5. Textile fibres, natural	14.0	16.1	18.3	9.5	9.6	9.4	4.4	6.5	8.7	0.9	0.7	0.8	6.1	8.5
6. Selected construction materials	3.2	4.5	5.1	0.9	0.8	2.1	2.3	3.6	3.0	4.6	1.7	1.5	39.2	30.7
7. Other raw materials	3.2	3.2	3.1	2.7	2.6	2.6	0.4	0.5	0.4	0.2	0.2	0.2	3.9	3.5
8. Metal manufactures	11.3	14.4	13.1	4.1	3.9	4.0	7.2	10.5	9.1	7.7	5.4	4.1	87.7	64.7
9. Power-generating (except electric) machinery	2.6	4.8	8.6	0.8	0.5	1.3	1.8	4.3	7.3	6.8	4.6	2.7	44.8	38.7
10. Agricultural machinery	1.5	1.1	1.9	0.9	0.5	1.2	0.6	0.6	0.7	1.2	1.0	0.5	10.7	8.6
11. Metal-working, mining, construction and other industrial machinery	20.9	21.5	23.6	8.8	8.7	9.9	12.1	12.8	13.6	30.8	27.0	19.7	138.2	128.6
12. Electric machinery	9.1	12.2	12.3	2.1	2.1	2.4	6.9	10.0	9.8	13.9	10.6	6.5	124.5	109.0
13. Tractors, other than steam	2.8	3.2	3.7	0.4	0.3	0.7	2.4	2.9	3.0	1.5	2.8	2.9	16.6	11.3
14. Railway vehicles			0.9			—			0.9			4.0		
15. Road motor vehicles			39.5			20.2			19.2			6.9		
16. Other vehicles	33.0	44.4	16.8	18.4	24.7	5.8	14.6	19.7	11.0	39.3	29.9	15.2	228.0	159.6
17. Chemicals	17.5	17.7	20.8	12.4	11.3	12.5	4.9	6.4	8.1	18.6	12.9	10.1	114.4	84.7
18. Textile manufactures and clothing	53.4	74.5	76.1	30.9	38.6	36.5	22.4	35.9	39.6	22.6	18.6	16.5	239.4	201.1
of which : Textile yarns (including synthetic fibres)	*5.2*	*8.5*	*8.9*	*2.3*	*2.6*	*2.1*	*2.9*	*5.9*	*6.8*	*8.0*	*6.2*	*6.0*	*27.4*	*24.8*
Cotton fabrics	*3.8*	*5.3*	*6.5*	*2.4*	*2.6*	*3.4*	*1.4*	*2.7*	*3.0*	*2.0*	*1.3*	*1.2*	*92.8*	*79.4*
Other fabrics	*38.7*	*48.7*	*52.4*	*23.0*	*26.0*	*26.8*	*15.7*	*22.6*	*25.6*	*12.1*	*10.8*	*8.9*	*99.6*	*83.6*
19. Paper, manufactures of wood and paper (excluding furniture)	1.2	1.5	1.8	0.8	1.2	1.3	0.3	0.3	0.5	1.1	0.6	0.6	25.0	14.9
20. All other commodities	42.0	47.8	53.2	19.7	22.6	24.6	22.0	25.2	28.5	14.9	10.3	7.5	132.0	103.9
of which : Instruments and watches	*1.6*	*1.7*	*2.2*	*0.6*	*0.7*	*1.1*	*1.0*	*1.0*	*1.1*	*1.6*	*1.0*	*0.5*	*9.7*	*7.9*
Total Exports	282.2	333.5	375.5	158.3	169.5	188.7	122.1	163.4	184.9	188.2	146.1	117.7	1412.9	1161.8
FRANCE														
1. Food, drink and tobacco	12.0	13.8	17.7	10.2	11.5	14.4	1.5	2.3	2.7	6.1	6.3	7.7	6.7	5.0
of which : Cereals and preparations	—	—	—	—	—	—	—	—	—	*0.1*	—	*0.1*	—	—
Fruit and vegetables	*1.0*	*1.5*	*3.5*	*0.8*	*1.0*	*2.7*	*0.1*	*0.5*	*0.7*	*0.3*	*0.9*	*0.4*	*0.5*	*0.2*
Beverages	*7.0*	*9.2*	*9.6*	*5.6*	*7.6*	*7.6*	*1.3*	*1.6*	*1.8*	*3.1*	*4.9*	*4.4*	*6.0*	*4.6*
2. Mineral fuels and petroleum products	—	—	0.2	—	—	0.2	—	—	—	0.1	0.1	0.5	12.4	6.5
3. Metallic ores and base metals	11.4	8.7	20.6	9.8	8.3	19.5	1.4	0.4	1.1	9.3	11.7	16.7	11.6	8.1
of which : Ores and scrap	—	—	*1.3*	—	—	*1.3*	—	—	—	—	—	—	—	—
Iron and steel	*11.3*	*8.4*	*15.8*	*9.8*	*8.0*	*14.7*	*1.4*	*0.4*	*1.1*	*8.9*	*10.9*	*15.3*	*11.6*	*8.0*
4. Oil-seeds, fats and oils	0.2	1.3	0.7	0.2	1.2	0.7	—	—	—	0.7	0.6	2.6	0.2	0.4
5. Textile fibres, natural	2.8	3.3	3.1	2.6	2.8	2.8	0.1	0.4	0.2	0.3	0.6	1.5	0.1	0.1
6. Selected construction materials	0.6	0.7	1.5	0.4	0.5	1.1	0.1	0.2	0.3	1.4	1.0	0.8	0.8	2.1
7. Other raw materials	5.2	5.5	5.4	4.7	5.1	4.9	0.3	0.4	0.4	1.0	0.4	0.5	0.2	0.3
8. Metal manufactures	1.3	1.2	1.2	1.1	1.0	0.8	0.2	0.2	0.3	3.0	4.1	5.9	2.2	1.5
9. Power-generating (except electric) machinery	0.3	0.3	0.3	0.3	0.3	0.3	—	—	—	2.4	1.9	2.1	0.3	0.2
10. Agricultural machinery	—	—	—	—	—	—	—	—	—	0.2	0.1	0.3	0.3	0.2
11. Metal-working, mining, construction and other industrial machinery	3.3	2.9	2.8	2.9	2.6	2.5	0.4	0.3	0.3	10.8	9.9	14.7	2.1	2.0
12. Electric machinery	0.2	0.2	0.3	0.2	0.2	0.3	—	—	—	2.2	1.9	2.6	0.7	0.5
13. Tractors, other than steam	—	—	—	—	—	—	—	—	—	0.6	0.5	1.1	0.3	0.1
14. Railway vehicles	—	—	—	—	—	—	—	—	—	2.0	4.8	1.8	2.7	1.6
15. Road motor vehicles	0.6	0.4	0.6	0.5	0.4	0.5	0.1	—	—	6.3	2.3	5.3	2.9	1.0
16. Other vehicles	0.1	0.2	2.5	—	0.2	0.1	0.1	—	2.2	1.5	0.3	0.3	0.3	0.1
17. Chemicals	17.6	8.0	9.3	17.1	7.4	8.6	0.2	0.6	0.3	8.9	8.8	13.8	8.0	9.1
18. Textile manufactures and clothing	12.4	16.3	18.4	11.0	14.2	16.0	1.4	2.1	2.3	9.9	6.9	7.5	5.5	5.0
of which : Textile yarns (including synthetic fibres)	*2.4*	*1.7*	*3.1*	*2.3*	*1.6*	*2.7*	*0.1*	*0.1*	*0.4*	*5.6*	*4.6*	*5.5*	*1.1*	*1.8*
Cotton fabrics	*0.3*	*0.4*	*0.6*	*0.2*	*0.2*	*0.4*	—	*0.2*	*0.1*	*1.5*	*0.1*	—	*0.6*	*0.3*
Other fabrics	*7.6*	*10.8*	*12.3*	*6.6*	*9.4*	*10.7*	*1.0*	*1.4*	*1.5*	*2.5*	*1.8*	*1.7*	*3.4*	*2.6*
19. Paper, manufactures of wood and paper (excluding furniture)	0.3	0.6	0.8	0.3	0.4	0.6	—	—	0.1	0.7	0.4	0.5	1.4	0.3
20. All other commodities	9.0	11.1	11.4	7.4	9.3	9.1	1.3	1.5	1.8	9.7	6.5	6.2	5.8	3.6
Total Exports	77.3	74.5	96.8	68.7	65.4	82.4	7.1	8.4	12.0	77.1	69.1	92.4	64.5	47.7

Source : *Foreign Trade Statistical Bulletins*, Series IV, O.E.E.C., Paris. *a* Specification for these two countries is not as exhaustive as for the total " North

b Including British colonies. *c* Excluding British colonies. *d* Including unallocated exports.

IX

MAIN COMMODITY GROUPS AND BY AREA OF DESTINATION

50 prices

Dependent Overseas Territories[c]			Other Overseas Countries			Total Overseas[d] Countries			Western Europe			Eastern Europe			Total World			of which : Dollar area		
1952		1953	1952		1953	1952		1953	1952		1953	1952		1953	1952		1953	1952		1953
rst alf	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half
3.3	3.9	3.6	19.0	18.1	14.6	156.0	147.0	143.8	39.7	52.4	43.4	1.0	1.6	1.3	196.7	201.0	188.5	38.4	43.8	41.8
4.5	7.9	7.2	4.9	5.1	3.9	38.2	44.9	45.4	92.0	108.5	124.1	—	—	—	130.2	153.4	169.5	2.1	2.6	1.9
1.8	2.0	2.0	8.8	8.6	8.4	139.6	130.4	134.7	48.5	56.7	62.4	0.8	0.4	0.3	188.9	187.5	197.4	32.1	27.3	36.3
1.5	*1.7*	*1.7*	*7.1*	*7.0*	*6.3*	*103.3*	*98.3*	*96.1*	*30.3*	*31.3*	*35.9*	*0.2*	*0.3*	*0.1*	*133.8*	*129.9*	*132.1*	*16.6*	*16.0*	*19.9*
—	—	0.1	0.2	0.4	0.4	2.3	4.1	9.6	1.1	1.7	3.2	—	—	0.3	3.4	5.8	13.1	0.8	1.6	5.8
—	—	0.1	2.3	4.7	6.3	23.3	30.1	34.0	41.7	36.7	43.0	3.5	1.5	1.9	68.5	68.3	78.9	14.4	16.5	19.0
0.9	0.8	0.6	3.1	1.9	2.2	51.0	39.6	42.0	6.9	6.4	5.9	0.1	−0.1	—	58.0	45.9	47.9	4.4	5.4	6.1
0.1	0.1	0.1	0.2	0.3	0.4	7.6	7.3	7.1	9.7	8.2	9.9	0.1	—	0.4	17.4	15.5	17.4	3.2	3.2	3.1
3.0	2.6	3.6	8.1	6.4	6.9	117.9	93.5	98.7	28.6	28.3	37.0	0.1	0.1	0.1	146.6	121.9	135.8	14.6	17.4	16.2
1.9	2.0	2.1	7.4	6.2	5.5	64.8	56.4	59.5	20.6	19.4	21.8	0.1	0.2	0.3	85.5	76.0	81.6	4.4	6.8	10.3
0.9	0.9	0.8	0.6	0.5	0.5	15.8	12.1	9.4	13.8	7.9	8.3	—	—	—	29.6	20.0	17.7	1.7	1.2	2.0
7.4	7.4	6.8	15.9	15.4	14.9	213.2	199.9	199.1	92.9	88.7	89.0	4.7	2.5	1.6	310.8	291.1	289.7	28.7[e]	29.8[e]	32.6
1.8	2.1	1.9	10.9	8.5	9.1	160.2	142.4	151.8	46.6	39.7	38.9	2.7	2.8	2.2	209.5	184.9	192.9	13.0	16.5	15.7
1.7	1.8	1.5	0.6	0.4	0.9	23.2	19.5	24.1	33.4	24.7	26.7	—	—	—	56.6	44.2	50.8	2.9	3.7	4.4
		0.4			4.7			39.2			7.1			0.5			46.8			1.0
		3.9			6.8			145.8			57.2			—			203.0			43.5
9.8	8.3	3.0	29.5	28.7	15.0	339.6	271.1	113.0	131.1	117.1	54.5	—	0.7	0.4	470.7	388.9	167.9	44.7	51.4	21.0
4.1	3.9	4.2	18.4	19.3	16.3	173.1	138.5	145.7	56.4	49.5	66.3	1.4	0.7	1.3	230.9	188.7	213.3	23.8	24.3	27.0
7.7	7.4	5.9	23.5	21.7	18.4	346.7	323.3	327.2	94.6	102.5	110.9	1.6	0.8	0.2	442.9	426.6	438.3	62.1	84.1	86.8
0.2	*0.1*	*0.1*	*3.1*	*3.7*	*4.1*	*43.9*	*43.4*	*49.3*	*26.3*	*28.0*	*32.1*	*1.4*	*0.8*	*0.2*	*71.6*	*72.2*	*81.6*	*7.4*	*11.2*	*12.8*
5.7	*5.3*	*4.2*	*6.0*	*4.8*	*5.8*	*110.3*	*96.1*	*99.2*	*14.3*	*13.7*	*16.1*	—	—	—	*124.6*	*109.8*	*115.3*	*4.2*	*6.1*	*7.4*
1.6	*1.7*	*1.2*	*13.2*	*12.2*	*7.8*	*165.2*	*157.0*	*155.0*	*42.1*	*44.5*	*47.3*	*0.2*	—	—	*207.5*	*201.5*	*202.3*	*44.4*	*54.5*	*58.0*
0.2	0.1	0.1	1.1	0.8	0.7	28.6	17.9	22.5	4.5	3.3	4.5	0.1	—	—	33.2	21.2	27.0	1.3	1.7	2.0
4.7	4.4	3.9	18.7	13.0	14.8	212.3	179.4	212.2	97.3	91.8	92.9	2.0	2.0	2.6	311.6	273.2	307.7	45.5	52.5	56.9
0.2	*0.2*	*0.2*	*1.0*	*0.7*	*1.2*	*14.2*	*11.5*	*13.0*	*6.3*	*5.7*	*5.9*	*0.2*	*0.2*	*0.1*	*20.7*	*17.4*	*19.0*	*2.0*	*2.1*	*2.5*
3.8	55.6	51.8	173.2	160.0	150.7	2113.4	1857.4	1964.8	859.4	843.5	907.0	18.2	13.2	13.4	2991.0	2714.1	2885.2	338.1	389.8	433.4
2.4	124.0	109.5	2.6	3.2	3.5	141.9	153.7	157.6	92.0	82.2	73.6	1.1	−0.1	0.3	235.0	235.8	231.5	15.0	17.7	21.4
3.5	*19.2*	*19.5*	*0.1*	*0.1*	*0.8*	*13.8*	*19.3*	*21.0*	*3.3*	*12.4*	*12.3*	—	—	—	*17.1*	*31.7*	*33.3*	—	—	—
9.6	*16.1*	*9.2*	*0.1*	*0.2*	*0.2*	*11.9*	*19.2*	*13.9*	*15.2*	*20.6*	*11.7*	*1.1*	*−0.1*	*0.1*	*28.2*	*39.7*	*25.7*	*1.0*	*1.5*	*3.5*
7.8	*29.3*	*19.0*	*1.6*	*1.8*	*1.8*	*45.9*	*50.1*	*52.4*	*37.1*	*31.1*	*37.1*	—	—	*0.1*	*83.0*	*81.2*	*89.6*	*9.6*	*12.9*	*13.1*
5.6	34.4	38.7	19.8	17.3	16.1	67.9[f]	58.3[f]	66.6[f]	66.0	77.0	79.9	—	—	—	142.1[g]	141.6[g]	153.4[g]	—	—	0.2
8.4	31.6	32.8	5.2	7.8	16.0	85.9	67.9	98.1	73.4	87.0	107.4	1.2	3.3	9.9	160.5	158.2	215.4	14.7	14.2	29.2
0.1	*0.1*	—	—	—	—	*0.1*	*0.1*	*1.4*	*18.9*	*19.2*	*22.7*	*0.1*	—	—	*19.1*	*19.3*	*24.1*	—	—	*1.3*
4.8	*28.5*	*29.4*	*5.1*	*7.6*	*15.8*	*81.7*	*63.5*	*88.1*	*52.2*	*64.6*	*76.4*	*1.1*	*3.1*	*9.5*	*135.0*	*131.2*	*174.0*	*14.6*	*13.8*	*24.4*
4.2	6.1	8.2	0.2	0.2	0.3	5.7	8.6	12.3	1.0	7.1	4.7	0.1	—	0.2	6.8	15.7	17.2	0.3	1.4	0.8
3.0	2.3	2.4	2.6	2.4	9.3	8.9	8.7	16.5	44.8	67.9	57.4	1.9	0.9	1.5	55.6	77.5	75.4	2.8	3.7	3.1
6.6	12.8	13.7	1.4	0.8	1.0	20.8	17.4	20.4	3.9	4.3	4.8	0.2	−0.1	0.1	24.9	21.6	25.3	0.9	1.2	1.9
0.6	7.8	8.6	0.6	0.8	0.6	17.6	14.8	15.3	32.8	29.6	35.3	0.9	0.2	0.7	51.3	44.6	51.3	5.2	5.7	5.4
1.6	32.6	32.8	1.9	2.9	1.6	50.0	42.3	43.8	11.9	8.7	7.5	0.4	0.6	0.3	62.3	51.6	51.6	1.7	3.7	4.6
0.7	9.0	9.6	0.8	0.4	0.6	14.5	11.8	13.0	5.5	5.7	4.9	0.7	0.9	0.3	20.7	18.4	18.2	1.4	1.4	0.8
3.2	1.9	2.8	0.2	0.1	0.1	3.9	2.4	3.3	4.0	2.0	3.1	—	—	0.1	7.9	4.4	6.5	—	—	0.1
9.1	33.2	30.9	4.5	4.0	3.4	59.8	52.0	53.1	31.4	34.1	33.7	2.8	2.6	2.1	94.0	88.7	88.9	4.4	5.8	9.9
2.7	26.5	25.9	2.3	2.0	2.1	38.2	31.1	31.5	12.4	11.0	10.5	0.9	0.2	0.5	51.5	42.3	42.5	0.4	0.7	1.4
2.2	1.2	1.3	0.2	0.1	—	3.3	1.9	2.5	2.9	1.6	0.8	—	—	—	6.2	3.5	3.3	0.4	0.1	0.2
8.9	4.2	3.7	—	0.1	0.1	13.6	10.7	6.6	5.6	5.7	4.9	0.1	−0.1	0.1	19.3	16.3	11.6	—	—	1.3
0.8	42.0	41.4	2.4	2.2	2.4	63.0	47.9	51.1	20.7	22.3	21.4	0.7	0.7	0.5	84.4	70.9	73.0	1.3	0.8	1.8
9.4	8.7	7.9	0.3	0.3	0.3	11.7	9.6	11.1	4.7	3.1	2.3	0.1	0.7	—	16.5	13.4	13.4	1.1	0.4	2.6
0.4	48.9	53.6	7.2	8.3	10.0	92.4	83.1	95.5	45.9	50.2	52.8	5.1	1.1	2.2	143.4	134.4	150.5	19.5	10.2	11.9
4.6	129.9	122.0	6.8	9.3	10.5	169.4	167.4	165.5	42.6	56.4	69.1	1.5	1.4	0.6	213.5	225.2	235.2	14.2	19.7	21.5
9.8	*9.2*	*10.5*	*3.2*	*3.5*	*4.2*	*22.1*	*20.8*	*25.9*	*18.2*	*27.0*	*37.3*	*0.7*	*0.5*	*0.1*	*41.0*	*48.3*	*63.3*	*3.5*	*3.9*	*5.3*
4.4	*62.6*	*61.1*	*0.4*	*0.3*	*0.6*	*77.2*	*63.8*	*62.7*	*3.0*	*2.7*	*3.9*	—	—	—	*80.2*	*66.5*	*66.6*	*0.3*	*0.5*	*0.6*
1.0	*47.4*	*40.9*	*2.9*	*4.9*	*5.3*	*57.6*	*67.6*	*64.0*	*17.9*	*21.3*	*22.9*	*0.8*	*0.9*	*0.4*	*76.3*	*89.8*	*87.3*	*8.2*	*11.9*	*13.0*
6.9	12.1	18.2	1.5	0.8	1.2	20.8	14.2	21.3	10.3	7.5	9.1	0.2	0.1	0.2	31.3	21.8	30.6	0.4	0.6	0.9
8.3	107.2	106.1	7.0	5.8	6.1	140.0	134.2	134.2	45.5	47.7	47.2	1.1	0.2	0.6	186.6	182.1	182.0	11.4	13.9	13.8
9.6	676.4	670.1	67.5	68.8	85.2	1029.3	938.0	1019.3	557.3	611.1	630.4	19.0	12.6	20.2	1613.8	1568.0	1676.8	95.1	101.2	132.8

ossibly excluding small amounts exported to dollar countries in Latin America. [f] Excluding bunkers. [g] Including bunkers.

Tabl

EXPORTS OF SELECTED EUROPEAN COUNTRIES AND THE UNITED STATE

Millions of dolla

Area of destination / Exporting country and commodity group	North America			of which : United States [a]			Canada [a]			Latin America			Overseas Sterling Area [b]		
	1952		1953	1952		1953	1952		1953	1952		1953	1952		1953
	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half
WESTERN GERMANY															
1. Food, drink and tobacco	3.5	6.6	6.0	3.0	6.5	5.7	—	0.1	—	2.1	1.4	1.1	1.9	1.5	2.1
2. Mineral fuels and petroleum products	1.3	1.0	1.4	1.3	1.0	1.4	—	—	—	—	—	—	0.8	0.3	0.1
3. Metallic ores and base metals	17.3	15.6	16.1	16.2	15.2	15.8	1.0	0.4	0.1	13.4	10.7	12.1	12.3	7.9	6.2
of which : Iron and steel	*13.6*	*11.0*	*10.1*	*12.3*	*10.6*	*10.0*	*1.0*	*0.4*	*0.1*	*11.7*	*9.3*	*8.9*	*11.5*	*5.4*	*5.1*
4. Oil-seeds, fats and oils	0.2	0.6	1.0	0.1	0.6	1.0	—	—	—	—	—	1.8	—	0.1	0.1
5. Textile fibres, natural	0.4	2.6	0.8	0.3	2.6	0.7	—	—	—	—	—	—	—	—	—
6. Selected construction materials	1.8	2.2	1.8	1.3	1.2	1.5	0.3	1.0	0.3	9.9	6.9	7.2	3.9	3.8	3.2
7. Other raw materials	2.5	2.7	3.0	2.4	2.7	2.9	—	—	—	0.2	0.2	0.5	0.2	0.4	0.4
8. Metal manufactures	4.4	6.5	6.6	3.5	5.3	5.2	0.9	1.2	1.3	20.1	20.6	13.6	12.1	8.0	9.9
9. Power generating (except electric) machinery	0.2	0.3	0.2	0.2	0.2	0.2	—	0.1	—	7.1	6.4	4.6	3.9	3.5	2.8
10. Agricultural machinery	0.1	0.1	0.1	—	0.1	—	—	—	0.1	0.7	1.0	1.0	0.3	0.4	0.3
11. Metal-working, mining, construction and other industrial machinery	13.6	17.9	14.9	11.9	15.8	12.5	1.6	2.1	2.4	35.9	36.0	28.5	15.0	18.1	21.9
12. Electric machinery	1.7	1.0	1.3	1.5	0.9	1.1	0.2	0.1	0.2	10.9	14.8	12.8	5.3	6.5	8.1
13. Tractors, other than steam	0.1	0.1	—	—	—	—	—	0.1	—	1.8	9.5	6.2	1.1	0.6	0.7
14. Railway vehicles	—	—	—	—	—	—	—	—	—	0.9	2.6	0.8	3.3	6.3	6.6
15. Road motor vehicles	0.6	1.8	2.3	0.5	1.5	1.5	—	0.3	0.8	9.8	10.4	11.3	3.5	2.8	3.0
16. Other vehicles	0.3	0.6	0.7	0.3	0.6	0.7	—	—	—	5.0	9.6	4.9	1.1	0.8	1.8
17. Chemicals	9.1	13.8	27.8	8.7	12.6	26.3	0.3	1.2	1.2	10.8	12.5	19.7	11.7	18.6	21.8
18. Textile manufactures and clothing	6.9	9.8	8.9	6.5	8.6	7.4	0.1	1.2	1.1	2.8	3.0	3.4	14.1	12.0	12.0
of which : Textile yarns (including synthetic fibres)	*1.6*	*3.0*	*2.5*	*1.5*	*2.7*	*2.4*	*0.1*	*0.3*	—	*0.2*	*0.4*	*0.6*	*0.5*	*0.1*	*0.6*
Cotton fabrics	*0.5*	*0.9*	*1.0*	*0.5*	*0.9*	*1.0*	—	—	—	*0.7*	*0.8*	*1.1*	*1.1*	*0.9*	*1.3*
Other fabrics	*4.5*	*5.2*	*4.7*	*4.3*	*4.5*	*3.5*	—	*0.7*	*0.9*	*1.8*	*1.8*	*1.4*	*12.2*	*10.7*	*9.7*
19. Paper, manufactures of wood and paper (excluding furniture)	0.4	0.5	1.0	0.3	0.5	0.8	—	—	0.1	0.9	0.6	1.1	0.5	0.6	0.7
20. All other commodities	26.0	36.9	37.0	24.1	33.9	33.8	1.5	3.0	2.6	16.5	17.3	13.1	11.3	10.8	13.6
of which : Instruments and watches	*11.0*	*15.8*	*16.0*	*10.2*	*14.3*	*14.6*	*0.8*	*1.4*	*1.4*	*6.8*	*5.7*	*4.0*	*4.9*	*4.0*	*6.5*
Total exports	90.4	120.6	130.9	82.1	109.8	118.5	5.9	10.8	10.2	148.8	163.5	143.7	102.3	103.0	115.3
ITALY															
1. Food, drink and tobacco	10.1	14.4	11.2	8.9	12.9	9.7	0.8	1.5	1.2	2.4	3.8	1.3	3.9	4.7	3.9
of which : Cereals and preparations	*0.2*	*0.2*	*0.2*	*0.1*	*0.2*	—	—	—	*0.1*	—	*0.1*	—	*1.2*	*1.2*	*0.8*
Fruits	*1.2*	*3.1*	*2.1*	*0.8*	*2.3*	*1.4*	*0.4*	*0.8*	*0.7*	*0.2*	*1.1*	*0.2*	*0.8*	*1.4*	*1.2*
Vegetables	*2.2*	*3.4*	*1.9*	*2.1*	*2.9*	*1.9*	*0.1*	*0.4*	—	*0.2*	*0.8*	*0.1*	*1.4*	*1.4*	*1.1*
2. Mineral fuels and petroleum products	1.2	2.6	0.2	1.1	2.6	0.2	—	—	—	—	—	—	14.2	13.7	20.9
3. Metallic ores and base metals	6.3	5.9	6.2	6.2	5.9	5.8	0.1	—	0.3	3.0	1.7	3.5	1.8	3.2	2.4
of which : Iron and steel	*3.4*	*4.3*	*3.4*	*3.3*	*4.3*	*3.1*	*0.1*	—	*0.3*	*1.0*	*1.1*	*1.5*	*1.4*	*2.8*	*2.0*
4. Oil-seeds, fats and oils	1.8	2.2	2.0	1.6	2.0	1.7	0.1	0.2	0.1	1.1	0.5	1.5	0.2	0.3	0.3
5. Textile fibres, natural	1.4	1.8	1.1	1.3	1.8	1.1	—	—	—	0.8	1.9	0.5	0.4	0.5	—
6. Selected construction materials	0.8	0.9	0.7	0.6	0.8	0.6	—	0.1	—	1.1	0.8	0.6	2.0	0.8	0.3
7. Other raw materials	2.3	2.1	2.2	2.1	1.8	2.1	—	0.3	0.1	1.9	1.0	0.9	0.5	0.5	0.5
8. Metal manufactures	1.7	2.5	2.5	1.6	2.4	2.4	0.1	0.1	0.1	1.6	1.7	1.2	1.7	1.4	1.6
9. Power generating (except electric) machinery	0.1	0.4	0.4	—	0.4	0.4	—	—	—	2.0	0.8	1.3	0.2	0.4	0.2
10. Agricultural machinery	—	—	—	—	—	—	—	—	—	0.1	0.2	0.3	0.1	0.1	—
11. Metal-working, mining, construction and other industrial machinery	9.2	7.7	6.7	8.6	7.0	6.0	0.5	0.7	0.6	13.6	8.5	9.0	3.1	2.8	2.2
12. Electric machinery	—	0.1	0.1	—	—	—	—	—	—	3.9	2.7	3.7	0.7	0.6	1.2
13. Tractors, other than steam	—	—	—	—	—	—	—	—	—	0.5	2.9	5.2	1.5	0.4	0.2
14. Railway vehicles	—	—	—	—	—	—	—	—	—	—	—	—	0.3	0.9	1.1
15. Road motor vehicles	0.7	1.3	1.3	0.7	1.3	1.3	—	—	—	2.8	1.4	1.7	1.1	1.4	2.0
16. Other vehicles	—	0.1	0.3	—	—	0.3	—	—	—	0.9	4.3	0.5	0.1	0.2	0.1
17. Chemicals	4.5	9.1	4.2	4.4	9.0	3.7	—	0.1	—	2.4	2.5	4.5	3.6	7.0	5.4
18. Textile manufactures and clothing	7.8	13.3	14.2	7.0	12.2	12.7	0.7	1.1	1.1	5.2	5.3	4.3	29.9	42.0	31.2
of which : Textile yarns (including synthetic fibres)	*1.8*	*0.8*	*1.6*	*1.6*	*0.8*	*1.4*	*0.2*	—	—	*2.0*	*1.6*	*0.8*	*13.8*	*17.3*	*10.1*
Cotton fabrics	*0.7*	*1.8*	*1.6*	*0.7*	*1.7*	*1.6*	—	*0.1*	—	*0.2*	*0.3*	*0.6*	*4.3*	*5.0*	*2.8*
Other fabrics	*4.1*	*7.9*	*8.4*	*3.7*	*7.2*	*7.4*	*0.3*	*0.7*	*0.9*	*2.2*	*2.3*	*2.3*	*10.7*	*18.4*	*16.6*
19. Paper, manufactures of wood and paper (excluding furniture)	0.7	1.0	1.1	0.6	0.9	0.9	—	—	—	0.3	0.4	0.4	2.3	1.0	0.8
20. All other commodities	5.7	7.0	6.5	5.4	6.6	6.0	0.2	0.4	0.3	1.7	1.9	1.7	3.0	2.5	2.7
Total exports	54.3	72.4	60.9	50.1	67.6	54.9	2.5	4.5	3.8	45.3	42.3	42.1	70.6	84.4	77.0

Source : Foreign Trade Statistical Bulletins, Series IV, O.E.E.C., Paris.

[a] Specification for these two countries is not as exhaustive as for the total " North America ".

[b] Including British colonies.

XXIX *(continued)*

MAIN COMMODITY GROUPS AND BY AREA OF DESTINATION

1950 prices

Dependent Overseas Territories c			Other Overseas Countries			Total Overseas Countries d			Western Europe			Eastern Europe			Total World			of which :		
																		Dollar area		
1952		1953	1952		1953	1953		1953	1952		1953	1952		1953	1952		1953	1952		1953
First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half
0.5	0.7	0.7	1.9	2.4	1.8	10.2	12.6	12.0	29.3	24.9	27.4	0.7	—	1.4	40.2	37.5	40.8	3.8	6.9	6.2
—	—	—	0.1	0.3	0.3	2.3e	1.6e	1.8e	164.9	167.3	165.4	0.1	−0.1	—	170.5f	171.7f	169.0f	1.3	1.0	1.5
0.5	0.7	1.0	6.6	5.3	10.6	50.1	40.2	46.1	108.4	107.8	82.1	2.4	4.3	4.7	160.9	152.3	132.9	20.0	18.6	19.9
0.5	*0.6*	*0.8*	*5.5*	*3.2*	*8.9*	*42.8*	*29.5*	*33.8*	*74.2*	*68.2*	*50.8*	*2.3*	*4.3*	*4.6*	*119.3*	*102.0*	*89.2*	*16.1*	*13.6*	*13.6*
—	—	0.2	0.3	0.4	1.0	0.5	1.2	4.1	1.8	3.2	3.4	0.2	—	0.5	2.5	4.4	8.0	0.2	0.6	1.0
—	—	—	0.1	—	—	0.5	2.6	0.8	3.6	7.3	8.5	0.1	—	0.3	4.2	9.9	9.6	0.4	2.6	0.8
1.1	0.8	1.3	1.8	2.3	2.5	18.6	16.0	16.0	11.9	15.5	16.8	0.2	0.2	0.6	30.7	31.7	33.4	2.5	4.0	3.2
0.1	—	—	0.1	0.2	0.2	3.1	3.5	4.1	17.3	14.7	14.8	0.2	0.5	0.3	20.6	18.7	19.2	2.6	2.8	3.1
2.6	2.4	2.1	7.8	9.2	7.4	47.0	46.7	39.6	49.0	50.8	42.2	0.4	0.6	0.5	96.4	98.1	82.3	12.2	17.0	15.3
0.6	0.6	0.9	2.2	2.6	2.4	14.0	13.4	10.9	24.7	29.7	29.0	0.7	0.7	0.6	39.4	43.8	40.5	0.9	1.7	1.1
0.3	0.2	0.2	0.1	0.1	0.1	1.5	1.8	1.7	12.1	6.8	10.0	0.1	0.1	0.1	13.7	8.7	11.8	0.2	0.1	0.1
3.3	4.5	3.7	9.8	13.2	13.4	77.7	89.7	82.4	184.9	215.3	211.4	3.5	3.9	2.8	266.1	308.9	296.6	19.5	24.6	24.4
1.2	2.4	1.6	7.0	8.1	8.6	26.1	32.8	32.9	59.6	72.5	66.2	1.5	2.5	1.6	87.2	107.8	100.7	4.3	5.5	6.2
0.7	0.7	0.5	0.8	0.5	0.3	4.5	11.4	7.8	16.0	11.9	11.3	0.1	0.1	—	20.6	23.4	19.1	0.2	0.2	0.1
0.9	0.8	0.2	3.1	1.5	1.0	8.2	11.2	8.6	7.3	8.4	7.1	0.1	−0.1	—	15.6	19.5	15.7	0.2	0.2	—
1.7	2.0	2.2	1.8	3.3	3.2	17.4	20.3	22.0	49.2	48.3	55.4	0.6	0.5	0.1	67.2	69.1	77.5	1.3	3.2	3.6
0.7	0.5	0.2	0.7	1.0	2.8	7.8	12.5	10.5	10.4	25.0	15.8	0.1	−0.1	—	18.3	37.4	26.3	4.6	9.1	5.1
0.9	1.5	2.2	9.9	21.6	27.7	42.4	68.0	99.2	96.0	111.1	127.6	4.1	3.9	4.4	142.5	183.0	231.2	12.4	19.8	34.7
3.2	3.7	4.1	4.0	4.0	5.6	31.1	32.5	34.0	68.5	68.4	73.9	1.8	1.3	0.4	101.4	102.2	108.3	7.6	11.8	10.2
—	—	—	—	*0.1*	*0.1*	*2.3*	*3.6*	*3.8*	*2.2*	*2.5*	*3.6*	*0.9*	*0.6*	*0.2*	*5.4*	*6.7*	*7.6*	*1.6*	*3.5*	*2.8*
—	—	—	*0.6*	*0.6*	*0.8*	*2.9*	*3.2*	*4.2*	*8.3*	*9.9*	*10.2*	*0.7*	*0.6*	*0.2*	*11.9*	*13.7*	*14.6*	*0.9*	*1.4*	*1.5*
3.2	*3.6*	*4.0*	*3.3*	*3.2*	*4.4*	*25.1*	*24.6*	*24.3*	*54.2*	*49.3*	*51.9*	*0.1*	*0.1*	—	*79.4*	*74.0*	*76.2*	*4.8*	*6.3*	*5.1*
0.1	0.1	0.1	0.3	0.4	0.8	2.2	2.2	3.7	4.7	4.6	6.4	0.1	0.1	0.1	7.0	6.9	10.2	0.4	0.7	1.1
2.2	2.5	2.2	6.8	9.2	10.5	63.0	76.7	76.8	82.9	103.2	98.2	1.8	1.6	0.9	147.7	181.5	175.9	32.4	47.2	43.6
0.7	*0.7*	*0.7*	*2.9*	*3.7*	*4.9*	*26.3*	*29.9*	*32.1*	*23.2*	*26.0*	*25.5*	*0.9*	*1.4*	*0.7*	*50.4*	*57.3*	*58.3*	*14.0*	*19.0*	*18.6*
20.6	24.1	23.4	65.2	85.6	100.2	428.2	496.9	515.0	1002.5	1096.7	1072.9	18.8	20.0	19.3	1452.7	1616.5	1609.0	127.0	177.6	181.2
1.4	1.3	3.3	19.9	2.7	10.1	39.5	28.4	31.2	88.3	91.2	91.3	3.9	5.5	4.0	131.7	125.1	126.5	11.5	16.3	12.1
0.4	*0.3*	*2.2*	*17.2*	*1.0*	*6.5*	*19.0*	*2.9*	*9.7*	*13.9*	*11.9*	*15.1*	*0.3*	*0.5*	—	*33.2*	*15.3*	*24.8*	*0.2*	*0.3*	*0.2*
0.2	*0.3*	*0.3*	*0.8*	*0.8*	*2.1*	*3.3*	*6.7*	*6.0*	*39.0*	*49.7*	*41.0*	*3.5*	*4.9*	*3.6*	*45.8*	*61.3*	*50.6*	*1.3*	*3.4*	*2.2*
0.3	*0.3*	*0.2*	*0.7*	*0.1*	*0.3*	*5.2*	*6.1*	*3.6*	*20.6*	*12.1*	*19.1*	*0.1*	—	*0.1*	*25.9*	*18.2*	*22.8*	*2.3*	*3.7*	*1.9*
1.3	2.8	2.8	4.4	5.0	6.3	21.1e	24.1e	30.2e	13.1	20.7	21.3	1.1	1.6	—	37.0f	49.3f	59.4f	1.2	2.6	0.3
0.1	0.2	—	3.4	3.9	5.6	15.6	16.7	17.7	15.6	10.0	9.7	3.0	1.5	0.7	34.2	28.2	28.1	6.9	6.8	7.2
0.1	*0.2*	—	*2.9*	*2.1*	*1.7*	*9.4*	*11.6*	*8.7*	*7.4*	*5.4*	*5.7*	*0.6*	*0.9*	*0.5*	*17.4*	*17.9*	*14.9*	*3.7*	*5.0*	*4.4*
—	—	—	0.2	0.2	0.1	3.4	3.2	3.9	0.7	1.1	0.7	—	—	—	4.1	4.3	4.6	2.0	2.5	2.1
—	—	—	0.2	0.1	0.1	2.8	4.3	1.7	10.2	7.8	8.2	0.5	0.2	0.5	13.5	12.3	10.4	1.9	2.4	1.3
0.2	0.1	—	0.9	0.1	0.2	5.1	2.7	1.9	1.8	1.9	0.7	—	—	—	6.9	4.6	2.6	1.3	1.6	1.0
0.1	0.1	0.1	1.0	0.3	0.7	5.8	4.1	4.5	10.5	11.3	11.0	0.5	0.4	0.6	16.8	15.8	16.1	3.6	3.0	2.8
0.1	0.2	0.2	2.0	1.1	1.9	7.3	7.0	7.5	6.2	5.5	5.5	0.1	0.6	0.2	13.6	13.1	13.2	2.2	3.9	3.2
0.1	0.1	0.1	0.5	0.5	0.3	3.5	2.3	2.6	4.0	4.9	5.2	2.1	2.4	1.2	9.6	9.6	9.0	0.1	0.4	0.5
—	—	—	0.1	0.1	—	0.3	0.4	0.4	0.3	0.6	0.3	0.1	−0.1	—	0.7	0.9	0.7	—	0.1	—
1.1	1.0	1.2	3.3	1.9	2.2	30.4	21.9	21.4	27.4	29.2	21.2	4.0	4.0	3.3	61.8	55.1	45.9	10.6	11.1	10.1
0.3	0.2	0.1	1.3	0.9	1.1	6.2	4.5	6.2	9.9	8.5	7.0	1.1	0.8	0.4	17.2	13.8	13.6	0.9	0.8	1.5
0.5	0.6	0.9	0.2	0.2	0.1	2.7	4.1	6.4	2.6	3.0	2.8	0.9	—	0.2	6.2	7.1	9.4	—	—	—
—	—	—	—	0.7	0.1	0.3	1.6	1.2	3.1	4.7	3.7	—	—	—	3.4	6.3	4.9	—	—	—
0.5	0.5	0.7	2.1	1.5	1.5	7.3	6.1	7.2	16.2	13.3	20.5	0.4	0.4	0.2	23.9	19.8	27.9	1.1	2.0	2.0
—	—	—	0.4	0.2	0.1	1.4	4.8	1.1	2.4	6.6	3.4	1.6	0.3	0.1	5.4	11.7	4.6	0.1	4.1	0.4
0.6	0.7	0.2	8.4	3.3	6.8	19.9	22.7	21.4	19.5	16.5	19.6	1.3	1.2	2.4	40.7	40.4	43.4	4.9	10.4	5.2
2.7	4.4	4.6	13.6	12.1	16.7	59.8	77.3	71.0	56.1	59.7	57.7	3.5	7.8	7.5	119.4	144.8	136.2	10.5	17.5	17.3
0.2	*0.2*	*0.3*	*3.5*	*6.0*	*8.7*	*21.4*	*26.0*	*21.5*	*14.7*	*13.1*	*14.4*	*2.3*	*3.8*	*5.7*	*38.4*	*42.9*	*41.6*	*2.2*	*2.0*	*2.1*
1.2	*1.7*	*1.2*	*3.5*	*1.2*	*2.0*	*9.9*	*10.0*	*8.2*	*12.1*	*12.5*	*7.8*	—	—	—	*22.0*	*22.5*	*16.0*	*0.8*	*2.0*	*2.1*
1.1	*2.1*	*2.7*	*6.1*	*4.6*	*5.4*	*24.8*	*35.7*	*35.6*	*22.2*	*24.6*	*25.5*	*1.1*	*2.8*	*1.8*	*48.1*	*63.1*	*62.9*	*5.8*	*9.8*	*10.2*
0.5	0.3	0.4	2.3	1.1	1.7	6.2	3.8	4.4	5.7	3.1	3.0	0.3	—	0.2	12.2	6.9	7.6	0.8	1.0	1.1
0.4	0.3	0.6	2.8	1.7	2.1	13.7	13.4	13.6	11.2	10.7	11.6	0.3	0.1	0.2	25.2	24.2	25.4	6.2	7.8	7.3
9.9	12.8	15.2	67.0	37.6	57.7	252.3	253.4	255.5	304.8	310.3	304.4	24.7	26.7	21.7	583.5	593.3	589.5	65.8	94.3	75.4

c Excluding British colonies. d Including unallocated exports. e Excluding bunkers. f Including bunkers.

Ta

EXPORTS OF SELECTED EUROPEAN COUNTRIES AND THE UNITED STA

Millions of do

Area of destination / Exporting country and commodity group	North America			of which : United States a			Canada a			Latin America			Overseas Sterling Area b		
	1952		1953	1952		1953	1952		1953	1952		1953	1952		1953
	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half
BELGIUM-LUXEMBOURG															
1. Food, drink and tobacco	0.5	0.6	0.8	0.4	0.4	0.5	—	—	—	0.2	0.1	—	1.1	1.1	1.
2. Mineral fuels and petroleum products	—	—	—	—	—	—	—	—	—	0.2	0.1	—	0.5	1.0	1.
3. Metallic ores and base metals	25.2	36.3	44.4	19.6	32.5	40.9	5.3	3.8	3.5	27.1	15.1	13.3	21.9	9.7	9.
of which : Iron and steel	*16.5*	*18.5*	*26.4*	*11.6*	*15.7*	*24.0*	*4.8*	*2.8*	*2.4*	*25.0*	*11.7*	*12.4*	*20.6*	*7.6*	*8.*
4. Oil-seeds, fats and oils	1.7	2.0	1.4	1.7	2.0	1.4	—	—	—	—	0.2	0.6	0.1	0.1	0.
5. Textile fibres, natural	1.8	2.1	2.3	1.7	2.0	2.0	—	—	0.1	1.2	0.6	0.4	0.1	0.2	0.
6. Selected construction materials	2.9	4.4	7.4	1.8	2.6	5.9	0.9	1.8	1.5	1.7	1.2	1.4	3.6	1.9	3.
7. Other raw materials	2.6	1.6	2.1	2.4	1.4	1.9	—	0.2	—	0.2	0.1	—	0.2	0.2	0.
8. Metal manufactures	4.1	6.3	5.9	3.5	6.0	5.5	0.5	0.3	0.2	6.4	6.9	3.3	4.8	3.6	5.
9. Power generating (except electric) machinery	—	—	0.1	—	—	—	—	—	—	0.1	0.3	0.1	—	—	—
10. Agricultural machinery	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11. Metal-working, mining, construction and other industrial machinery	1.6	2.4	3.2	1.3	2.0	2.9	0.2	0.4	0.3	2.4	1.7	0.7	1.0	1.4	0.
12. Electric machinery	0.8	0.5	0.5	0.7	0.4	0.4	0.1	—	—	4.5	4.8	2.7	0.8	0.4	0.
13. Tractors, other than steam	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14. Railway vehicles	—	0.5	—	—	0.5	—	—	—	—	1.2	1.5	1.7	4.9	1.8	2.
15. Road motor vehicles	—	—	—	—	—	—	—	—	—	—	0.2	0.1	1.4	0.1	0.
16. Other vehicles	0.8	—	—	0.8	—	—	—	—	—	—	3.2	—	0.2	0.1	0.
17. Chemicals	5.7	4.8	8.9	5.3	4.0	8.3	0.2	0.8	0.5	3.7	2.1	3.0	9.9	6.0	4.
18. Textile manufactures and clothing	12.4	14.4	22.5	10.9	11.7	16.0	1.3	2.7	3.4	5.9	3.3	4.2	10.0	5.7	7.
19. Paper, manufactures of wood and paper (excluding furniture)	0.1	0.1	0.3	—	0.1	—	—	—	—	0.1	0.1	0.1	0.4	0.3	0.
20. All other commodities	11.0	14.6	17.8	9.8	12.8	15.4	0.8	1.8	2.0	1.8	1.7	1.8	3.2	2.7	3.
Total exports	71.2	90.6	117.6	59.9	78.4	101.1	9.3	11.8	11.5	56.7	43.2	33.4	64.1	36.3	42.
NETHERLANDS															
1. Food, drink and tobacco	13.9	17.1	20.3	13.3	15.9	19.3	0.6	1.2	1.0	10.0	11.8	8.9	22.1	25.9	27.
of which : Live animals and meat	*7.2*	*7.8*	*13.5*	*7.2*	*7.8*	*13.5*	—	—	—	*1.0*	*1.0*	*0.9*	*0.6*	*0.6*	*0.*
Dairy products	*1.5*	*2.8*	*0.8*	*1.3*	*2.6*	*0.6*	*0.1*	*0.2*	*0.1*	*7.7*	*6.5*	*6.5*	*9.8*	*12.7*	*12.*
Fruits and vegetables	*0.9*	*1.7*	*1.0*	*0.8*	*1.1*	*0.7*	—	*0.6*	*0.1*	*0.3*	*3.1*	*0.3*	*1.1*	*2.6*	*0.*
2. Mineral fuels and petroleum products	0.1	0.1	0.1	0.1	—	0.1	—	—	—	0.2	0.6	0.2	4.9	4.7	6.
3. Metallic ores and base metals	19.0	16.7	21.9	18.7	16.7	20.7	0.1	—	1.0	2.8	1.4	1.0	3.0	1.7	1.
4. Oil-seeds, fats and oils	0.9	1.1	2.9	0.8	1.0	2.8	—	—	—	0.1	0.2	1.2	0.7	0.7	0.
5. Textile fibres, natural	0.7	0.8	0.6	0.5	0.6	0.4	—	0.2	—	1.0	0.3	0.3	—	—	—
6. Selected construction materials	0.1	0.1	0.1	—	—	—	—	—	—	0.2	0.2	0.1	1.4	0.9	0.
7. Other raw materials	1.7	10.4	3.3	1.2	9.1	2.4	0.4	1.2	0.7	0.3	0.4	0.3	0.4	0.3	0.
8. Metal manufactures	0.7	1.1	1.5	0.7	0.9	1.3	—	0.2	0.2	1.4	2.4	1.6	2.3	1.7	2.
9. Power generating (except electric) machinery	0.3	0.3	0.3	0.2	0.3	0.3	—	—	—	0.7	0.7	0.8	0.3	0.3	0.
10. Agricultural machinery	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11. Metal-working, mining, construction and other industrial machinery	0.8	0.4	0.7	0.6	0.4	0.6	0.1	—	—	2.3	1.9	2.1	1.2	1.0	1.
12. Electric machinery	0.6	1.2	1.9	0.4	0.9	1.5	0.2	0.3	0.4	5.5	5.4	4.6	4.8	3.4	4.
13. Tractors, other than steam	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14. Railway vehicles	—	—	—	—	—	—	—	—	—	0.6	3.8	9.5	0.7	0.8	0.
15. Road motor vehicles	—	—	—	—	—	—	—	—	—	0.1	—	0.5	0.1	—	0.
16. Other vehicles	0.8	1.0	0.5	0.7	1.0	0.5	—	—	—	4.3	5.3	1.0	0.9	1.0	1.
17. Chemicals	5.8	5.4	10.4	5.4	5.0	10.1	0.4	0.4	0.3	4.1	5.0	2.9	7.6	8.5	5.
18. Textile manufactures and clothing	3.6	3.8	5.2	2.8	2.6	3.6	0.7	1.2	1.5	1.7	2.0	2.1	18.9	19.9	20.
19. Paper, manufactures of wood and paper (excluding furniture)	0.1	0.2	0.5	—	0.2	0.4	—	—	—	0.9	0.4	0.4	2.4	1.9	1.
20. All other commodities	1.4	2.0	2.6	0.7	1.8	1.7	0.2	0.2	0.3	1.3	1.2	0.8	1.6	1.2	1.
Total exports	50.5	61.7	72.8	46.1	56.4	65.7	2.7	4.9	5.4	37.5	43.0	38.3	73.3	73.9	76.

Source : Foreign Trade Statistical Bulletins, Series IV, O.E.E.C., Paris.

[a] Specification for these two countries is not as exhaustive as for the total " North America ".

[b] Including British colonies.

(continued)

AIN COMMODITY GROUPS AND BY AREA OF DESTINATION

prices

EPENDENT OVERSEAS ERRITORIES c		Other Overseas Countries			Total Overseas Countries d			Western Europe			Eastern Europe			Total World			of which : Dollar area		
952	1953	1952		1953	1952		1953	1952		1953	1952		1953	1952		1953	1952		1953
Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half
4.7	5.3	0.9	1.2	2.9	8.5	8.7	11.2	34.8	26.3	31.0	0.2	0.2	0.2	43.5	35.2	42.4	0.5	0.6	0.8
0.2	0.4	0.3	0.2	0.2	1.3 e	1.5 e	1.6e	38.5	46.2	45.2	—	—	—	44.6 f	52.0 f	50.8f	—	—	—
12.4	10.8	9.9	8.2	8.1	94.9	81.7	86.6	187.1	184.7	159.8	5.2	9.1	12.2	287.2	275.5	258.6	34.4	45.2	55.6
11.4	*10.0*	*8.4*	*7.0*	*6.9*	*79.8*	*56.2*	*63.7*	*119.6*	*117.8*	*94.3*	*5.2*	*9.0*	*11.9*	*204.6*	*183.0*	*169.9*	*25.5*	*26.9*	*37.3*
0.5	0.6	0.8	0.4	0.4	3.0	3.2	3.2	19.6	13.2	8.2	0.4	0.6	0.6	23.0	17.0	12.0	1.7	2.0	1.9
0.1	0.1	1.1	1.6	2.0	4.4	4.6	5.2	38.0	50.9	59.4	2.9	3.2	5.5	45.3	58.7	70.1	1.9	2.2	2.5
3.1	3.1	2.3	1.3	1.8	13.5	11.9	16.7	14.1	12.5	16.6	0.1	—	—	27.7	24.4	33.3	3.8	5.3	8.7
0.2	0.2	0.1	0.2	0.3	3.5	2.3	2.8	13.9	15.9	16.9	—	—	0.1	17.4	18.2	19.8	2.6	1.5	2.1
8.7	9.1	3.1	3.9	4.8	28.5	37.8	39.7	15.6	15.7	13.1	0.6	0.6	0.5	44.7	54.1	53.3	7.3	10.3	7.7
1.3	1.6	0.1	0.1	0.1	1.5	1.7	1.9	2.5	3.0	3.2	0.3	—	—	4.3	4.7	5.1	—	0.1	0.1
—	0.1	—	—	—	0.1	0.1	0.2	1.1	0.8	1.1	—	—	—	1.2	0.9	1.3	—	—	—
7.9	8.5	1.0	0.8	0.9	12.9	14.2	14.3	19.5	18.9	19.7	0.3	0.3	0.7	32.7	33.4	34.7	1.8	2.7	3.4
7.7	6.4	2.6	2.1	1.4	15.4	15.5	11.9	17.6	17.2	15.8	0.7	0.6	1.6	33.7	33.3	29.3	2.0	2.8	2.1
—	—	—	—	—	—	—	—	—	0.1	—	—	—	—	—	0.1	—	—	—	—
7.5	3.1	2.0	4.4	4.0	12.9	15.7	11.7	2.8	3.1	4.3	—	—	—	15.7	18.8	16.0	1.1	1.5	1.2
2.4	2.5	0.1	0.3	—	6.8	3.0	2.9	6.3	7.0	7.4	0.2	—	—	13.3	10.0	10.3	—	0.1	0.1
3.8	3.5	—	3.3	0.6	4.9	10.6	4.2	15.8	2.8	1.9	2.8	1.4	—	23.5	14.8	6.1	0.8	0.1	—
3.9	2.6	8.0	2.7	11.1	31.0	19.6	30.4	44.8	33.7	37.0	5.0	2.0	2.2	80.8	55.3	69.6	7.9	6.0	10.2
5.6	5.9	3.8	4.4	3.2	38.6	33.5	43.9	87.2	85.8	95.7	4.3	0.9	1.4	130.1	120.2	141.0	13.2	16.2	25.0
1.0	2.0	0.2	0.3	0.2	1.9	1.9	3.1	5.3	5.0	7.0	0.1	—	0.1	7.3	6.9	10.2	0.1	0.2	0.3
5.1	5.8	1.6	1.4	1.5	22.1	25.6	30.4	31.8	36.0	38.1	0.9	0.8	0.7	54.8	62.4	69.2	11.7	15.5	18.8
76.1	71.6	37.9	36.8	43.5	305.7	293.1	321.9	596.3	578.8	581.4	24.0	19.7	25.8	930.8	895.9	933.1	90.8	112.3	140.5
16.2	16.9	21.6	19.0	17.6	78.6	90.0	91.9	218.3	231.3	212.7	6.9	3.5	6.5	303.8	324.8	311.1	21.6	24.8	27.7
1.1	*1.3*	*0.5*	*0.4*	*0.4*	*10.2*	*11.0*	*17.0*	*56.0*	*31.1*	*44.0*	*0.4*	*0.6*	*0.6*	*66.6*	*42.7*	*61.6*	*7.8*	*8.7*	*14.3*
7.6	*9.4*	*9.6*	*10.1*	*8.0*	*34.0*	*39.7*	*37.6*	*73.5*	*88.9*	*75.8*	*1.9*	*0.1*	*0.4*	*109.4*	*128.7*	*113.8*	*7.6*	*7.1*	*6.5*
1.5	*0.7*	*0.4*	*1.1*	*0.3*	*3.2*	*10.0*	*3.0*	*35.1*	*62.1*	*36.8*	*1.2*	*1.2*	*1.0*	*39.5*	*73.3*	*40.8*	*1.1*	*3.4*	*1.2*
1.9	2.3	1.7	1.8	0.7	8.4 e	9.1 e	9.5e	67.7	61.6	57.4	—	—	—	84.4 f	82.1 f	74.3f	0.1	0.3	0.1
0.5	1.3	1.9	2.0	2.0	28.8	25.6	32.4	26.4	29.7	27.4	0.5	0.1	0.1	55.7	55.4	59.9	19.2	17.0	22.3
0.5	0.4	0.7	0.8	0.5	2.8	3.3	5.5	21.4	8.1	12.5	0.9	0.3	0.6	25.1	11.7	18.6	0.9	1.3	4.0
0.1	0.1	0.1	0.2	0.2	1.9	1.6	1.3	9.9	12.4	13.9	2.5	3.8	2.7	14.3	17.8	17.9	0.7	0.8	0.6
1.0	0.6	1.1	1.1	0.7	3.3	3.3	2.3	4.7	5.0	5.0	0.2	−0.1	—	8.2	8.2	7.3	0.1	0.1	0.1
0.1	0.1	0.2	0.2	0.2	2.7	11.4	4.3	17.0	31.7	21.1	0.2	0.2	0.1	19.9	43.3	25.5	1.8	10.6	3.5
1.7	2.1	2.3	2.8	2.4	8.2	10.1	10.9	8.5	7.2	8.6	0.1	—	0.1	16.8	17.3	19.6	1.0	2.1	2.6
0.2	0.4	1.3	1.0	0.9	2.8	2.5	2.7	3.3	3.1	3.8	0.1	—	—	6.2	5.6	6.5	0.3	0.3	0.4
—	—	—	—	—	0.1	0.1	0.1	0.3	0.3	0.4	—	—	—	0.4	0.4	0.5	—	—	—
1.9	1.6	2.7	3.1	3.7	8.4	8.3	9.8	8.4	9.6	9.9	0.4	0.2	0.4	17.2	18.1	20.1	1.2	1.4	1.8
1.9	1.8	7.5	5.9	5.6	20.0	17.8	18.6	28.4	28.4	31.8	0.4	0.4	0.1	48.8	46.6	50.5	2.2	3.1	4.5
—	—	—	—	—	—	—	—	0.1	0.1	0.1	—	—	—	0.1	0.1	0.1	—	—	—
—	—	3.3	1.1	1.1	4.6	5.7	10.7	0.3	0.1	0.1	—	—	—	4.9	5.8	10.8	—	—	—
0.5	0.8	0.8	0.8	0.8	1.4	1.4	2.2	2.9	2.6	4.2	—	—	—	4.3	4.0	6.4	—	0.1	0.2
1.8	0.9	3.4	6.6	4.4	10.1	15.7	8.6	13.0	12.4	27.8	—	0.8	0.8	23.1	28.9	37.2	0.8	1.0	0.7
1.6	1.3	8.6	10.5	11.4	27.4	31.0	31.7	40.6	32.4	36.1	2.1	2.3	1.5	70.1	65.7	69.3	6.4	6.1	11.3
6.0	6.0	13.1	12.0	9.3	45.7	45.8	44.9	63.1	63.4	61.4	2.7	0.6	0.7	111.5	109.8	107.0	4.2	4.6	5.9
0.7	0.6	3.0	2.4	1.3	8.6	6.3	5.3	10.7	8.7	10.2	0.1	—	—	19.4	15.0	15.5	0.1	0.4	0.6
2.4	2.4	8.3	7.2	4.9	18.7	18.6	19.4	18.3	21.9	21.3	0.3	0.2	0.1	37.3	40.7	40.8	1.5	2.3	2.9
39.0	39.6	81.6	78.5	67.7	282.5	307.6	312.1	563.3	570.0	565.7	17.4	12.3	13.7	871.5	901.3	898.9	62.1	76.3	89.2

c Excluding British colonies.

d Including unallocated exports.

e Excluding bunkers.

Including bunkers.

EXPORTS OF SELECTED EUROPEAN COUNTRIES AND THE UNITED STA

Millions of d

Area of destination	NORTH AMERICA			of which :						LATIN AMERICA			OVERSEAS STERL AREA b	
				UNITED STATES a			CANADA a							
Exporting country and commodity group	1952		1953	1952		1953	1952		1953	1952		1953	1952	
	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half
SWEDEN														
1. Food, drink and tobacco	2.2	2.8	0.7	2.0	2.8	0.4	—	—	—	0.1	0.2	0.7	0.1	0.1
2. Mineral fuels and petroleum products	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Metallic ores and base metals	9.5	9.2	12.0	9.3	9.0	11.6	0.2	0.2	0.3	3.6	1.1	1.2	0.9	0.6
of which : Ores and scrap e	*6.7*	*6.7*	*7.0*	*6.7*	*6.7*	*7.0*	—	—	—	—	—	—	—	—
Iron and steel	*2.6*	*2.5*	*4.2*	*2.4*	*2.3*	*3.8*	*0.2*	*0.2*	*0.3*	*3.4*	*1.0*	*0.9*	*0.7*	*0.6*
4. Oil-seeds, fats and oils	0.8	—	0.2	0.8	—	0.2	—	—	—	—	—	—	—	0.1
5. Textile fibres, natural	0.3	0.2	0.3	0.2	0.2	0.3	—	—	—	—	—	—	—	—
6. Selected construction materials	0.2	0.5	0.4	—	0.4	0.1	—	0.1	—	0.2	0.5	1.2	0.9	0.4
7. Other raw materials	4.3	13.5	14.4	4.2	13.4	14.3	—	0.1	—	6.7	5.8	8.0	5.5	3.8
of which : Timber	—	—	—	—	—	—	—	—	—	*0.2*	—	—	*3.7*	*2.0*
Pulp	*3.8*	*13.2*	*14.1*	*3.8*	*13.1*	*14.1*	—	*0.1*	—	*6.4*	*5.7*	*7.4*	*1.8*	*1.8*
8. Metal manufactures	2.7	2.3	2.7	1.7	1.8	1.8	0.9	0.5	0.8	6.1	2.1	1.5	3.9	3.5
9. Power generating (except electric) machinery	0.1	0.1	0.1	—	—	—	—	0.1	0.1	1.1	1.1	0.7	0.3	0.4
10. Agricultural machinery	0.2	0.1	0.2	—	—	—	0.1	0.1	0.2	0.2	0.2	0.1	0.5	0.5
11. Metal-working, mining, construction and other industrial machinery	4.1	3.2	3.5	2.8	1.8	2.3	1.3	1.4	1.1	7.6	4.4	3.7	4.3	3.2
12. Electric machinery	0.4	0.3	0.4	0.3	0.3	0.3	0.1	—	0.1	6.8	3.1	4.8	1.2	0.9
13. Tractors, other than steam	—	—	—	—	—	—	—	—	—	0.1	—	—	—	—
14. Railway vehicles	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15. Road motor vehicles	—	—	—	—	—	—	—	—	—	2.8	1.0	0.8	—	—
16. Other vehicles	—	—	0.1	—	—	—	—	—	—	6.3	2.3	0.6	—	—
17. Chemicals	0.3	0.4	0.5	0.1	0.4	0.4	—	—	—	0.7	0.6	0.6	0.9	0.8
18. Textile manufactures and clothing	0.8	0.2	0.5	0.7	0.2	0.4	—	—	—	0.7	0.5	0.1	0.4	0.1
19. Paper, manufactures of wood and paper (excluding furniture)	1.0	1.9	2.8	0.9	1.8	2.7	—	0.1	0.1	5.8	3.9	5.9	12.8	8.7
20. All other commodities	1.2	2.0	2.0	1.0	1.8	1.5	—	0.2	0.2	1.2	1.0	1.2	2.1	1.6
Total exports	28.1	36.7	40.8	24.0	33.9	36.3	2.6	2.8	2.9	50.0	27.8	31.1	33.8	24.7
UNITED STATES														
1. Food, drink and tobacco	77.0	74.9	79.3	3.2	3.5	3.1	73.0	71.4	75.5	207.7	243.2	160.7	162.7	83.5
of which : Cereals and preparations	*7.7*	*15.8*	*8.5*	*0.3*	*0.4*	*0.4*	*7.3*	*15.3*	*8.0*	*112.5*	*143.3*	*74.7*	*133.3*	*50.4*
Fruits and vegetables	*53.8*	*43.8*	*51.1*	*0.6*	*0.7*	*0.6*	*53.2*	*43.1*	*50.4*	*24.3*	*37.3*	*24.0*	*2.6*	*3.1*
Tobacco	*1.9*	*1.9*	*2.7*	*0.3*	*0.4*	*0.4*	*1.6*	*1.4*	*2.3*	*10.2*	*10.3*	*10.7*	*22.1*	*25.5*
2. Mineral fuels and petroleum products	178.6	203.1	158.2	0.9	1.7	0.3	177.6	201.4	157.6	59.0	57.3	52.6	42.9	38.3
3. Metallic ores and base metals	101.3	112.7	98.5	0.2	0.3	0.1	101.0	112.4	98.3	98.7	76.1	79.1	30.1	22.0
of which : Iron and steel	*85.9*	*79.9*	*78.9*	*0.2*	*0.3*	*0.1*	*85.6*	*79.3*	*78.8*	*87.6*	*67.9*	*70.4*	*26.5*	*19.2*
4. Oil-seeds, fats and oils	25.1	25.3	17.2	—	0.2	0.2	25.0	25.1	17.0	29.1	14.6	13.7	4.3	3.4
5. Textile fibres, natural	27.3	28.9	27.7	—	—	—	27.3	28.9	27.7	10.6	8.0	3.5	79.3	9.3
6. Selected construction materials	20.3	29.9	30.8	—	0.2	—	20.2	29.6	30.7	22.0	18.0	18.9	4.7	2.2
7. Other raw materials	42.6	40.0	45.0	0.1	0.2	—	40.9	39.8	44.9	24.5	12.2	16.6	16.8	8.5
8. Metal manufactures	37.8	37.9	41.5	0.4	0.4	0.2	37.3	37.5	41.2	53.8	37.1	41.2	9.2	6.3
9. Power generating (except electric) machinery	20.7	19.5	24.7	—	0.1	—	20.7	19.4	24.6	25.5	21.8	19.9	8.0	7.2
10. Agricultural machinery	33.9	28.1	38.6	—	—	—	33.9	28.0	38.5	18.7	10.8	10.2	5.6	4.3
11. Metal-working, mining, construction and other industrial machinery	146.4	143.1	166.7	0.7	0.3	0.2	145.6	142.8	166.4	201.5	162.1	157.4	66.0	45.9
12. Electric machinery	50.0	62.1	77.7	0.9	0.7	0.6	49.1	61.4	77.1	89.2	80.8	75.1	20.5	14.1
13. Tractors, other than steam	57.0	30.7	61.7	—	—	—	57.0	30.7	61.7	41.1	23.2	25.8	24.1	13.8
14. Railway vehicles	4.7	4.5	9.4	—	—	—	4.7	4.5	9.4	14.4	15.7	18.3	3.9	7.7
15. Road motor vehicles	107.5	86.7	144.0	0.9	0.7	1.1	106.6	86.0	142.9	217.5	131.1	141.5	35.6	24.1
16. Other vehicles	4.1	4.0	10.4	—	—	—	4.0	3.6	10.4	14.0	18.7	31.2	0.6	0.7
17. Chemicals	69.3	73.5	83.9	0.5	0.6	0.4	68.6	72.9	83.3	154.1	124.7	120.9	31.6	24.9
18. Textile manufactures and clothing	51.8	63.2	71.8	0.7	0.9	1.0	50.9	62.3	70.6	109.8	97.8	87.8	34.6	19.0
of which : Cotton fabrics	*22.4*	*24.1*	*27.7*	—	*0.2*	—	*22.5*	*24.0*	*27.6*	*40.0*	*33.4*	*30.1*	*15.8*	*5.7*
19. Paper, manufactures of wood and paper (excluding furniture)	14.5	16.9	21.9	0.3	0.2	0.2	14.1	16.6	21.6	40.4	26.5	23.5	12.5	6.3
20. All other commodities	106.0	118.5	140.2	1.0	1.1	0.9	104.8	117.4	139.1	118.7	114.4	105.4	24.1	18.7
Total exports	1175.9	1203.5	1349.2	9.8	11.1	8.3	1162.3	1191.7	1338.5	1550.3	1294.1	1203.3	617.1	360.2

Source : Foreign Trade Statistical Bulletins, Series IV, O.E.E.C., Paris.

[a] Specification for these two countries is not as exhaustive as for the total " North America ".

[b] Including British colonies.

[c] Excluding British colon

IX *(concluded)*

MAIN COMMODITY GROUPS AND BY AREA OF DESTINATION

50 prices

Dependent Overseas Territories [c]			Other Overseas Countries			Total Overseas Countries [d]			Western Europe			Eastern Europe			Total World			of which: Dollar area		
1952		1953	1952		1953	1952		1953	1952		1953	1952		1953	1952		1953	1952		1953
irst alf	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half	First half	Second half	First half
0.4	0.9	0.7	0.3	0.7	0.3	3.2	4.7	2.5	10.7	23.3	21.5	4.3	4.7	5.1	18.2	32.7	29.1	2.2	3.0	0.8
—	—	—	—	—	—	—	—	—	0.3	0.2	0.2	—	—	—	0.3	0.2	0.2	—	—	—
0.1	0.1	—	0.8	1.0	2.1	15.0	12.1	15.9	62.9	73.9	60.2	6.1	8.9	4.4	84.0	94.9	80.5	9.8	9.4	12.1
—	—	—	—	*0.1*	*0.8*	*6.8*	*6.8*	*7.8*	*37.8*	*45.2*	*34.7*	*3.7*	*5.2*	*2.0*	*48.3*	*57.2*	*44.5*	*6.7*	*6.7*	*7.0*
0.1	—	—	*0.8*	*0.8*	*1.1*	*7.6*	*5.1*	*6.8*	*19.0*	*21.5*	*18.7*	*2.3*	*3.7*	*2.2*	*28.9*	*30.3*	*27.7*	*2.8*	*2.7*	*4.3*
—	—	0.2	0.1	—	0.2	0.9	0.1	0.6	6.4	4.8	8.8	0.2	0.3	—	7.5	5.2	9.4	0.8	—	0.2
—	—	—	—	—	—	0.3	0.2	0.3	0.9	1.0	1.3	0.4	0.4	0.3	1.6	1.6	1.9	0.3	0.2	0.3
0.6	0.4	0.2	1.8	1.2	1.0	3.7	3.0	3.4	2.7	3.2	2.1	—	—	—	6.4	6.2	5.5	0.2	0.5	0.5
1.0	0.9	0.5	1.3	2.1	3.9	18.8	26.1	31.0	97.7	131.6	123.1	2.9	0.5	0.6	119.4	158.2	154.7	10.5	14.4	15.4
.9	*0.9*	*0.4*	*0.7*	*1.6*	*0.8*	*5.5*	*4.5*	*2.6*	*30.0*	*64.2*	*53.3*	—	—	—	*35.5*	*68.7*	*55.9*	*5.2*	—	—
.1	—	—	*0.6*	*0.5*	*2.7*	*12.7*	*21.2*	*27.2*	*61.7*	*63.1*	*64.7*	*1.9*	*0.3*	*0.2*	*76.3*	*84.6*	*92.1*	*4.7*	*14.1*	*15.2*
.5	0.4	0.4	2.5	2.3	2.3	15.7	10.6	9.8	9.5	12.8	10.8	1.2	0.7	0.8	26.4	24.1	21.4	3.8	3.3	3.3
—	0.1	—	0.5	0.6	1.4	2.0	2.3	2.4	4.6	4.0	3.7	3.1	2.4	1.3	9.7	8.7	7.4	0.1	0.5	0.2
.1	—	0.1	—	0.1	0.1	1.0	0.9	0.9	6.5	3.0	3.2	0.1	0.1	0.2	7.6	4.0	4.3	0.2	0.1	0.2
.6	0.7	0.8	2.7	1.6	1.9	19.3	13.1	13.0	25.3	25.8	22.6	5.5	5.3	2.7	50.1	44.2	38.3	5.4	4.2	4.5
.1	0.2	0.2	1.2	0.9	0.5	9.7	5.4	6.8	9.0	9.0	8.5	7.1	7.5	1.9	25.8	21.9	17.2	3.7	2.6	3.9
—	—	—	—	—	0.1	0.2	0.1	0.2	1.2	0.8	0.8	—	—	—	1.4	0.9	1.0	—	—	—
—	—	—	—	—	—	—	—	—	0.5	0.6	0.3	1.8	1.3	0.2	2.3	1.9	0.5	—	—	—
.3	0.1	0.2	0.1	0.1	0.3	3.2	1.2	1.3	6.4	5.4	4.0	—	—	—	9.6	6.6	5.3	—	—	—
—	—	—	1.5	0.1	0.2	7.9	2.4	0.9	14.5	35.1	20.8	5.8	4.4	2.0	28.2	41.9	23.7	1.0	0.5	0.4
.1	0.1	0.1	0.3	0.3	0.5	2.4	2.2	2.4	7.0	7.5	7.8	1.3	0.8	0.6	10.7	10.5	10.8	0.3	0.5	0.5
—	—	—	0.3	0.1	0.2	2.2	1.0	0.9	5.5	6.3	5.2	0.5	0.2	0.3	8.2	7.5	6.4	0.9	0.5	0.6
.9	0.7	0.9	3.5	2.7	5.0	24.0	17.9	25.9	26.2	29.0	30.4	0.6	0.2	0.2	50.8	47.1	56.5	2.3	3.5	5.5
.4	1.1	0.7	1.6	1.5	1.5	7.6	7.2	7.4	6.7	8.7	8.9	0.3	0.5	0.1	14.6	16.4	16.4	1.7	2.6	2.8
.1	5.7	5.0	18.5	15.3	21.5	137.1	110.5	125.6	304.5	386.0	344.2	41.2	38.2	20.7	482.8	534.7	490.5	43.2	45.8	51.2
.8	12.3	12.1	208.5	175.1	178.1	680.0	589.0	519.2	454.0	355.4	425.2	0.3	0.5	0.8	1134.3	944.9	945.2	250.6	273.3	251.7
.3	*2.7*	*3.1*	*155.9*	*119.5*	*115.0*	*425.8*	*331.7*	*264.4*	*310.5*	*200.5*	*258.3*	—	—	—	*736.3*	*532.2*	*522.7*	*68.3*	*98.8*	*73.9*
.0	*1.3*	*1.1*	*3.9*	*4.8*	*5.1*	*85.6*	*90.3*	*83.9*	*20.7*	*20.0*	*23.6*	—	—	—	*106.3*	*110.3*	*107.5*	*79.0*	*80.3*	*75.1*
.8	*5.6*	*4.9*	*27.0*	*27.3*	*28.3*	*65.1*	*70.6*	*65.2*	*71.8*	*109.4*	*115.3*	*0.2*	*0.5*	*0.8*	*137.1*	*180.5*	*181.3*	*23.0*	*19.0*	*20.2*
.4	19.3	18.0	42.3	32.6	40.3	347.2	350.6	296.7	190.0	111.9	81.8	—	—	—	537.2	462.5	378.5	210.1	237.0	192.9
.6	3.8	3.5	31.4	20.4	20.8	266.1	235.0	216.3	150.5	114.6	70.0	—	—	—	416.6	349.6	286.3	167.8	167.2	147.3
.2	*3.5*	*3.3*	*22.9*	*14.7*	*17.1*	*227.1*	*185.2*	*182.6*	*86.5*	*60.1*	*43.0*	—	—	—	*313.6*	*245.3*	*225.6*	*147.3*	*129.2*	*132.5*
.8	0.7	0.7	36.8	54.4	66.3	96.2	98.4	101.0	70.3	69.4	42.2	—	—	—	166.5	167.8	143.2	52.2	39.3	31.1
.6	4.2	3.6	116.1	74.4	76.4	234.0	124.8	115.4	280.8	174.8	165.1	—	—	—	514.8	299.6	280.5	36.6	37.1	32.7
.7	1.4	1.9	4.7	3.4	5.1	53.5	54.9	59.9	4.5	8.4	4.7	—	—	—	58.0	63.3	64.6	38.0	45.6	47.8
.6	1.1	1.7	14.4	20.3	23.5	100.9	82.3	98.3	63.7	31.0	45.4	—	—	—	164.6	113.3	143.7	58.8	50.1	57.9
.5	3.1	1.9	13.7	9.1	9.8	117.0	93.5	100.8	11.0	8.0	8.8	—	—	—	128.0	101.5	109.6	81.0	73.4	79.9
.7	5.7	4.9	11.8	7.6	7.5	68.7	61.8	63.9	12.3	9.2	11.3	—	—	—	81.0	71.0	75.2	34.8	32.5	40.2
.2	1.1	3.7	1.5	1.3	1.8	61.9	45.6	59.2	4.7	3.2	4.8	—	—	—	66.6	48.8	64.0	42.8	34.3	45.3
.1	19.8	21.0	50.0	45.5	55.8	482.0	416.4	451.7	157.4	148.8	160.6	—	—	—	639.4	565.2	612.3	273.9	257.4	289.7
.3	9.4	5.5	21.7	19.2	24.6	184.8	185.6	195.9	36.7	35.7	40.3	—	—	—	221.5	221.3	236.2	110.0	124.0	138.2
.1	5.2	7.2	6.4	3.9	6.2	135.7	76.8	122.3	17.8	10.2	16.0	—	—	—	153.5	87.0	138.3	79.5	44.8	81.0
.9	1.1	0.7	1.9	0.6	0.7	25.9	29.6	31.7	2.0	3.2	2.3	—	—	—	27.9	32.8	34.0	14.2	14.1	16.0
.4	13.5	13.1	41.4	34.5	44.1	420.4	289.9	371.9	50.5	29.2	42.8	—	—	—	470.9	319.1	414.7	231.2	183.6	262.6
.5	0.5	1.2	8.8	10.1	3.3	28.0	34.0	46.6	7.7	8.6	20.5	—	—	—	35.7	42.6	67.1	15.7	23.1	41.5
.3	10.2	7.0	45.1	39.8	45.4	306.5	273.1	277.8	76.6	62.5	61.2	—	—	—	383.1	335.6	339.0	184.0	180.9	191.8
.2	9.8	9.9	68.9	77.5	81.1	278.3	267.3	275.9	27.8	20.6	24.3	0.1	—	—	306.2	287.9	300.2	183.2	185.3	203.5
.7	*2.0*	*1.4*	*32.0*	*42.7*	*38.0*	*114.9*	*107.9*	*103.1*	*5.6*	*1.9*	*1.6*	—	—	—	*120.5*	*109.8*	*104.7*	*72.0*	*69.6*	*77.5*
.3	1.0	0.6	10.4	6.9	7.6	79.4	57.6	58.5	13.9	6.9	6.5	—	—	—	93.3	64.5	65.0	50.0	44.0	48.4
.0	11.5	8.8	40.8	35.1	43.2	299.8	298.2	320.2	49.9	43.7	52.3	0.1	0.1	0.1	349.8	342.0	372.6	212.6	228.3	246.5
.0	134.7	127.0	776.6	671.7	741.6	4266.3	3664.4	3783.2	1682.1	1255.3	1286.1	0.5	0.6	0.9	5948.9 [f]	4920.3 [f]	5070.2 [f]	2327.0	2275.3	2446.0

Including unallocated exports.

[e] For method of estimation of iron ore exports, see Appendix B.

[f] Excluding special categories.

Table XL

SOVIET PRODUCTION OF INDUSTRIAL CONSUMER GOODS

	Unit	1937	1940	1942 Plan	1950 Plan	1950	1952	1953	1954	1955	1956	1955 Original Plan
								Revised Plans				
Cotton fabrics	A	3 442	3 836	4 900	4 686	3 815	4 933	5 300	5 549	6 267	6 485	6 142
Woollen fabrics	A	105	120	175	159.4	167	204	210	242	271	334	257
of which : carpeting	B	..	..	..	..	..	..	..	5.2	6.0	..	..
Silk fabrics	A	58	78	76	..	197	340	400	504	573	697	..
Linen fabrics	A	278	290 *	385	420	230 *	..	250 *	295	406	..	..
Knitted underwear	C	103	120 *	168	..	160 *	210 *	260 *	326	382	450 *	..
Knitted outerwear	C	40	50 *	70	..	..	..	57 *	79	88	100 *	..
Socks and stockings	D	401	400 *	716	580	500	..	600 *	673	777	900 *	..
Ready-made clothing	E	11 *	12.5	16 *	..	28.7	36.6	38.6	44.0	51.8	64.5	51.7
of which : [a]												
Woollen overcoats	C	..	..	..	..	..	..	..	15	20	..	..
Woollen suits	C	..	..	..	..	..	..	..	12.4	16	..	..
Cotton suits	C	..	..	..	..	..	..	..	11.6	15	..	..
Woollen trousers	C	..	..	..	..	..	..	..	10	13	..	..
Linen and cotton trousers	C	..	..	..	..	..	..	..	14	18	..	..
Dresses	C	..	..	..	..	..	..	..	10.3	13	..	..
Furs : Fur coats	C	..	0.13 *	..	..	..	..	..	0.3	..	..	..
Jackets	C	..	0.2 *	..	..	..	..	..	0.1	..	..	..
Children's coats	C	..	0.15 *	..	..	..	..	..	1.1	..	..	..
Collars	C	..	6.4 *	..	..	..	..	..	11.0	..	..	..
Hats	C	..	3.3 *	..	..	..	..	..	13.5	..	..	..
Rubber footwear	D	85	68	150	88.6	105	..	..	100.6	109.4	..	..
Felt footwear	D	..	16	..	..	..	..	..	29	33.5	..	..
Leather shoes	D	164	205	235	240	205	270	..	267	318	349	318
of which : [a]												
With leather uppers	D	..	..	..	..	110	..	170	..	..	..	..
With leather soles	D	..	..	..	..	..	..	..	75	..	..	..
With sewn welts	D	..	6	..	..	..	..	13	25	..	..	..
Haberdashery												
Lace curtaining	A	..	..	..	..	13	..	..	60.5	90	..	..
Sewing cotton	F	..	..	..	..	..	..	..	1 900	1 950	..	..
Cotton wool	G	..	..	..	..	..	..	..	126	130	..	..
Sheet wadding	A	..	..	..	..	..	..	..	3.5	4.5	..	..
Oilcloth for tables	A	..	..	..	..	..	..	..	30	45	..	..
Sewing machines	H	501	170[b]	600	450	490	780	..	1 135	2 615	2 890	1 176 [b]
Bicycles	H	351	270	750	1 050	655	1 667	..	2 500	3 445	3 800	2 292 [b]
Motors for bicycles	H	..	..	..	..	..	..	..	30	40	..	..
Outboard motors	H	..	..	..	..	..	..	..	20	40	..	..
Motor-cycles	H	..	..	..	135	..	..	..	190	225	..	..
Watches and clocks	C	..	2.6	..	7.4	7.3	10.1	..	16.8	22.0	23.0	16.0[b]
of which : wrist watches	H	525	300 *	2 000	..	..	..	..	5 650	7 150	..	..
Radio and television receivers	H	194	200	1 170	925	1 080	1 330	..	3 186	4 527	4 400	2 160[b]
of which : Television	H	—	—	—	85			..	325	760	1 000	
Gramophones	H	676	300 *	1 160	1 000	..	..	..	921	1 125	..	..
Cameras, all types	H	..	40 *	..	530	..	..	..	765	1 000	..	..
Household glass	C	..	..	..	..	..	..	..	1.5	..	..	..
Fine glassware	E	..	..	..	..	..	..	..	366	418	..	..
Vacuum cleaners	H	—	—	—	..	..	..	97	243	483	..	..
Washing machines	H	—	—	—	..	..	..	27	111	296.3	..	..
Electric irons	H	..	300 *	..	..	486	..	..	3 550	4 375	..	..
Black cast-iron utensils	G	40	40 *	80	..	13.5	..	..	47.7	67.5	..	..
Enamelled cast-iron utensils	G	14	16	41	..	2.9	..	..	12.3	20	..	..
Enamelled steel utensils	G	19	13 *	46	..	25.3	..	..	61.2	114.2	..	..
Galvanized iron utensils	G	..	120 *	..	..	48.4	..	..	143.9	193.7	..	..
Aluminium utensils	G	..	20 *	..	..	35.6	..	..	90	107	..	..
Samovars	H	..	130 *	..	200	222.5	..	..	675	890	..	..
Stainless steel spoons	C	..	30 [c]	..	..	3.4	..	..	11.7	17.2	..	..
Kerosene stoves	H	..	..	..	..	1 281	..	..	2 966	3 843	..	..
Refrigerators	H	—	1 *	25	..	..	50	62	207	330	..	250 *
Metal bedsteads	C	4.2	5.5 *	8.5	..	..	..	..	13.5	16.5	..	..
Furniture	E	..	..	..	..	2 300 *	..	..	5 336	6 958	8 900 *	..

Sources : See Appendix B.

NOTE. — 1937 and 1942 (Plan) data relate to pre-war territory only.

Units : A = Millions of metres; B = Millions of square metres; C = Million articles; D = Millions of pairs; E = Billions of roubles at 1952 prices; F = Millions of standard reels; G = Thousands of tons; H = Thousand articles.

[a] Production by Ministry of Industrial Consumer Goods only.

[b] Based on increase in retail sales.

[c] All types.

Table XLI

SOWN AREA IN THE SOVIET UNION

Thousands of hectares

Crop	PRE-WAR AREA			PRESENT AREA					
	1935	1937	1942 Plan	1940	1945	1950	1952	1953	1955 Original Plan
Wheat	37 056	41 383	*42 300*	41 800	..	40 700 *	48 000 *	49 900	..
Other grain	66 384	63 062	*59 700*	69 300	..	62 600 *	60 000 *	60 900	..
All grain	103 440	104 445	*102 000*	111 100	85 320	103 300	107 760	110 800	*107 000 **
of which : Kolkhozy	84 430	93 600	*91 700*	..	..	..	..	..	..
Sovkhozy	12 054	8 496	..	6 286	..	6 952	7 000 *	..	..
Sugar-beet	1 225	1 193	*1 200*	1 213	828	1 220	1 440	1 574	*1 550 **
Cotton	1 954	2 092	*2 115*	2 076	1 200	2 280	..	..	*2 970 **
Dolgunets flax	2 107	2 126	*1 840*	1 900	1 035	1 960	..	1 800 *	*2 380 **
Other flax	223	200 *	*200 **	209	100 *	..	..	..	*200 **
Sunflower	3 309	3 250	*3 150*	3 543	2 890	3 550	..	..	*3 500 **
Other oil-seeds	534	1 000 *	*1 600 **	1 596	800 *	..	..	..	*1 700 **
Hemp	521	483	*600*	598	276	600 *	..	550 *	*750 **
Other hard fibres	97	150 *	*300 **	254	42	*150*	..	..	*200 **
Tobacco	90	92	*125*	100	100 *	124	..	..	*151 **
Makhorka	107	103	*138 **	109	115	136	..	..	*112 **
Other industrial crops	475	511 *	*232 **	202	300 *	..	..	..	*400 **
All industrial crops	10 642	11 152	*11 500*	11 800	6 870 *	12 300	12 820	..	*13 900 **
of which : Kolkhozy	9 457	10 600	*11 100*	..	..	..	..	..	..
Sovkhozy	616	550	*400*	300 *	..	318	400 *	..	*555*
Potatoes	7 376	6 865	*8 000*	7 900	8 530	8 200 *	..	..	*10 000 **
Melons	662	739	*770*	750	885	800 *	..	..	*1 000 **
Other vegetables	1 899	1 400	*1 600*	1 450	1 710	1 400 *	..	1 200	*2 000 **
All vegetables	9 937	8 992	*10 300*	10 080	11 125	10 400	10 010	..	*13 000*
of which : Kolkhozy	4 450	4 000	*5 100*	4 227	..	..	..	..	..
Sovkhozy	1 182	..	..	360 *	..	431	500 *	..	*767*
Temporary grass	9 395	9 111	*21 400*	12 700	..	..	..	..	..
Root fodder	769	776	*1 100*	800	..	..	..	..	..
Silage crops	677	749	*1 092*	600	..	1 280	..	2 300	..
All fodder	10 884	10 636	*23 600*	18 100	10 000 *	20 900	25 810	28 310	*35 360*
of which : Kolkhozy	7 882	7 800	*18 000*	..	..	..	..	..	..
Sovkhozy	2 751	1 300 [a]	*3 400*	2 375	..	3 899	..	..	*5 653*
Sown area [b]	135 052	135 313	*147 400*	151 000	113 300 *	146 900	156 400	159 200	*169 000*
of which : Kolkhozy	106 331	116 000	*125 900*	120 000 *	..	130 000 *	..	..	..
Sovkhozy	16 634	12 411	..	8 926	..	11 600	17 900	..	..
Irrigated	5 400	5 800	*7 100*	6 090	5 600 *	6 300	6 500	..	*8 350*
Drained	4 000	5 000	..	5 250	5 400 *	6 000	6 600	..	*8 550*
Total improved	9 400	10 800	..	11 340	11 000 *	12 300	13 100	..	*16 900*

Sources : See Appendix B.

[a] Sovkhozy of Ministry of State Farms only.
[b] Excluding fallow.

Table XLII

DISPOSAL OF AGRICULTURAL PRODUCTS IN THE SOVIET UNION

All data in thousands of tons, except eggs and hides

	1937	1942 Plan	1940	1950	1952	1953 Provisional	1954 Revised Plan	1955 Original Plan
	Pre-war area		Present area					
LIVESTOCK PRODUCTS								
Meat								
Compulsory deliveries	795	..	..	1 890	2 871	1 787	_3 500_	..
Other obligatory deliveries [a]	464	..	..	..		965	..	..
Contractual deliveries		..	..	..	129	608	_645_	..
Total deliveries to State	1 259	_2 800_	2 000	2 700 *	3 000	3 360	_4 100_	_5 000_
Free market sales	1 111	_3 500_	..	..	2 000	..	..	..
Commercial production	2 370	_6 300_	3 370 *	..	5 000	..	..	..
Milk [b]								
Compulsory deliveries	4 222	_6 804_	..	7 700 *	8 000	6 980	..	..
Other obligatory deliveries [a]						2 520	..	..
Contractual deliveries	768	_2 196_	..	1 200 *	2 000 *	2 440	..	..
Total deliveries to State	4 990	_9 000_	6 000	_8 900_	10 000	11 940	_14 300_	_13 000_
Commercial production	..	..	..	11 900 *	13 200	15 240 *	..	_17 500_ *
of which : free market sales	21 070	_34 000_	..	3 000 *	3 200	3 300 *	..	_4 500_ *
farm consumption, losses			..	..	..	..	..	..
Gross production	26 060	_45 000_	34 000 *	27 000 *	28 000 *	..	_38 000_ *	..
Eggs (millions)								
Compulsory deliveries	..	..	..	..	..	3 757	..	..
Contractual deliveries	..	..	..	..	..	350 *	..	..
Total deliveries to State	..	..	..	..	2 600	4 100 *	_4 290_	..
Skins (millions)								
Small : Compulsory deliveries	..	..	..	..	..	10.5 *	..	..
Total deliveries	31.2	_60_	..	..	..	..	..	..
Production	32	_61_	..	..	..	52.8 *	..	..
Large : Compulsory deliveries	..	..	..	..	..	3.4 *	..	..
Total deliveries	10.3	_15.4_	..	..	..	..	..	..
Production	10.8	_16.3_	..	..	..	11.9 *	..	..
Pig : Compulsory deliveries	..	..	..	..	..	2.7 *	..	..
Total deliveries	12.8	_26_	..	..	..	..	..	..
Production	13.2	_36_	..	..	..	14.5 *	..	..
Wool								
Compulsory deliveries	51	_102_	..	..	..	..	..	..
Contractual deliveries	28	_118_	..	..	..	..	..	..
Total deliveries to State	79	_220_	120	150 *	182	..	_230_	_330_ *
Free sales, farm use, losses	27	_70_	..	..	..	..	..	..
Gross production	106	_290_	..	..	..	..	..	..
GRAIN AND FODDER								
Grain								
Compulsory deliveries	10 300	_10 000_	..	..	..	..	..	..
Payment to machine and tractor stations	11 230	_18 000_	..	..	..	..	..	..
Contractual and other deliveries	10 270	_13 000_	..	..	..	..	..	..
Total deliveries to State	31 800	_41 000_	..	..	..	..	..	..
Commercial production	..	..	38 300	..	40 400	..	..	..
of which : free market sales	91 100	..	..	..	90 600	..	..	..
farm consumption, seed		..	80 500	..		..	..	..
losses	22 200	..		..		..	..	..
Gross production	120 290	..	118 800	125 230	131 000	..	..	_182 000_
Wheat								
Gross production	46 860	_51 000_	40 625	46 779	60 125	..	..	_74 850_
Fodder								
Procurement-storage :								
Rich fodder	..	..	45 000 *	50 000 *	..	70 000 *	_88 800_	_130 000_ *
Hay	..	..	60 000 *	80 000 *	..	101 100 *	_103 700_	_148 000_ *
Total coarse fodder	..	..	105 000	130 000	..	171 000 *	_192 500_	_278 000_ *

Table XLII *(continued)*

DISPOSAL OF AGRICULTURAL PRODUCTS IN THE SOVIET UNION

All data in thousands of tons, except eggs and hides

	1937	1942 Plan	1940	1950	1952	1953 Provisional	1954 Revised Plan	1955 Original Plan
	Pre-war area		Present area					
INDUSTRIAL CROPS								
Cotton								
Total deliveries to State	2 542	*3 290*	2 200	..	3 770	..	..	..
Losses	38	—	500	..	..	..	..	..
Gross production	2 580	*3 290*	2 700	3 750	..	..	..	*6 000*
Flax								
Total fibre deliveries to State	275	*500*	..	..	..	..	..	..
Free disposal	248	..	..	..	..	..	..	..
Availability	523	..	..	..	..	..	..	..
Losses	47	..	..	..	..	..	..	..
Gross production	570	*850*	580	..	..	..	..	..
Sunflower seed								
Total deliveries to State	1 076	*1 650*	..	..	..	..	..	..
Free disposal and losses	1 000	*1 180*	..	..	..	..	..	..
Gross production	2 080	*2 830*	3 300	3 100	..	..	..	*4 750*
Hemp								
Total fibre deliveries to State	49	*120*	..	..	..	..	..	..
Free disposal and losses	139	*180*	..	..	..	..	..	..
Gross production	188	*300*	250 *	..	..	..	..	..
Silk cocoons								
Total deliveries to State	21.8	*31.0*	20	26	..	..	..	..
Tea (green leaf)								
Total deliveries to State	27.3	*85*	*51*	83.7	101.4	..	..	*161*
Sugar-beet								
Total deliveries to State	21 430	*30 000*	17 000	..	22 000	27 900	..	*35 000*
Losses	430		4 000	..	5 700	4 700	..	*4 400*
Gross production	21 860	*30 000*	21 000	23 500	27 700	32 600	..	*39 400*
Tobacco								
Total deliveries to State	77	*117*	..	136	..	..	..	*227*
Makhorka								
Total deliveries to State	164	*232*	..	1 088	..	..	..	*1 795*
MARKET GARDENING								
Potatoes								
Compulsory deliveries	5 854	..	7 550	..	..	5 450	..	..
Contractual deliveries	—	..	302	164	164	2 150	..	..
Total deliveries to State	7 021	*13 000*	..	..	..	7 600	..	..
Commercial production	..	..	..	..	12 500	..	..	..
Gross production	65 630	*100 000*	72 000	87 000	..	..	..	*148 000*
Other vegetables								
Compulsory deliveries	1 477	2 500	2 348	..	..	1 536	..	..
Contractual deliveries	—	—	601	105	167	767	..	..
Total deliveries to State	1 477	*2 500*	2 949	..	..	2 303	..	..
Fruit								
Total deliveries to State	..	..	169	..	250 *	..	..	*340 **

Sources: See Appendix B.

NOTE. — Gross production of grain and, from 1940, of industrial crops and vegetables are pre-harvest estimates on the basis of biological yield.

[a] Payments to machine and tractor stations, debt repayments to State (made in kind).

[b] Including milk products in liquid milk equivalent.

Table XLIII

PRODUCTION OF THE SOVIET FOODSTUFFS INDUSTRY

	Unit	1937	1940	1942 Plan	1950	1952	1953	1954	1955	1956	1955 Original Plan
							Revised Plans				
Gross output of foodstuffs industry	A	..	..	..	100	127	141	..	185	..	171
Meat	B	797	1 150	1 600	1 267	1 632	1 855	2 180	2 550	3 000	2 433
of which : poultry	B	..	..	..	30	..	..	75	105	141	..
Sausages	B	326	403	650	483	600	637	710	850	1 000	..
Tinned meat	C	..	..	..	258	..	269	380	480	..	..
Fish catch	B	1 609	1 400	2 252	1 741	2 200	2 400	2 715	3 190	3 600	..
of which : herrings	B	300 *	..	..	248	..	..	520	670	780	..
Butter	B	185	206	295	319	352	400	476	560	650	550
Cheese	B	..	37	..	48	67	82	97	135	160	112
Condensed milk	C	53	..	..	81	150	..	220	275	..	..
Dried milk	B	..	..	..	9	..	..	30	38	..	..
Whole milk production	B	..	..	..	1 150	..	..	2 300	2 750	..	..
Vegetable oil	B	495	709	850	780	958	1 082	1 300	1 500	1 650	1 372
Margarine	B	..	118	..	194	248	354	390	450	510	350
Granulated sugar	B	2 421	2 150	3 500	2 528	3 373	3 612	4 300	4 800	5 300	4 500
Lump sugar	B	..	630	..	700	560		1 350	1 550	1 800	
Confectionery	B	921	806	1 500	994	1 285	1 387	1 579	1 825	..	..
Ice cream	B	30	70 *	..	96	..	160	190	240	..	..
Macaroni products	B	..	370 *	..	442	..	..	872	1 030	..	..
Flour	D	15	17 *	19	19	..	..	32	..	..	..
Tinned foodstuffs	C	873	1 000	1 800	1 480	1 938	2 500	..	..	4 150	3 000
Food concentrates	B	..	..	..	54	..	..	90	100	..	..
Dry breakfast foods	B	..	..	..	3	..	..	10	15	..	..
Dehydrated vegetables	B	..	..	..	23	31	46	70	100	..	..
Vitamins	E	..	2	..	19		33		48		
Beer	F	88	112	140	129	159	170	210	232	..	224
Non-alcoholic drinks	F	..	..	..	72	..	..	110	135	..	..
Mineral water	G	..	..	..	109	..	..	220	260	..	..
Grape wine	F	9	17	..	14	23	..	30	34	..	33
of which : champagne	G	1	8	..	14	17	..	18	20	..	..
Cigarettes	E	102	100	140	125	158	..	200	215		
Cosmetics	H	..	660	..	..	1 000	..	..	..	..	..
Soap (40 per cent)	B	495	600	925	800	..	..	1 000	1 200	..	..

Sources : See Appendix B.

NOTE. — 1937 and 1942 (Plan) data relate to pre-war territory only. Data refer exclusively to production by State industry or, in the case of unprocessed foods, to output sold through the intermediary of the State or consumer co-operatives; the considerable quantities sold directly (or consumed) by farmers are excluded : these form a variable proportion of total output.

Soap and cosmetics are included in this table, since their production is under the same administration.

Units : A = Index numbers (1950 = 100) ; B = Thousands of tons ; C = Million tins ; D = Millions of tons ; E = Billion doses or pieces ; F = Millions of decalitres ; G = Millions of bottles ; H = Million articles.

Table XLIV

INDUSTRIAL PRODUCTION IN BULGARIA

Commodity	Unit	1939	1947	1948	1949	1950	1951	1952	Operational Plan 1953
Mining									
Coal (total)	Millions of tons	2.30	4.17	4.28	5.22	5.90	6.76	7.41	8.45
Electric power	Million MWh	0.27	0.49	0.55	0.66	0.80	1.02	1.40	1.60
Basic materials									
Cast iron	Thousands of tons	0.13	0.83	1.54	2.81	4.19	7.28	10.63	—
Lead		..	..	1.8	..	..	..	..	..
Chemical industry									
Sulphuric acid	Thousands of tons	6.9	..	11.6	..	..	12.0	20.8	..
Soap		..	..	..	9.2	10.6	16.3	..	..
Building materials									
Cement	Thousands of tons	150	257	380	494	603	635	674	..
Bricks	Millions	50	110	130	..	..	480	540	..
Window glass	Million m^2	1.00	1.11	..	1.76	1.81	2.56	..	..
Light industries									
Cotton fabrics	Millions of metres	33.00	49.28	60.12	66.14	84.00	95.34	109.64	..
Woollen fabrics		4.74	4.58	5.13	6.15	8.44	8.10	8.72	..
Leather footwear . . .	Millions of pairs	..	0.22	0.50	0.55	0.88	1.02	1.25	..
Paper	Thousands of tons	12.0	16.0	19.0	..	..	..	25.8	..
Food processing									
Flour	Thousands of tons	272.0	345.0	404.0	..	446.0	..	..	..
Sugar		27.9	18.7	74.6	54.0	45.0	62.0	..	..
Beer	Thousands of hl.	132	..	..	..	..	..	172	..

Sources : See Appendix B.

Table XLV

INDUSTRIAL PRODUCTION IN CZECHOSLOVAKIA

Commodity	Unit	1937	1947	1948	1949	1950	1951	1952	1953
Mining									
Hard coal	Millions of tons	16.67	16.22	17.75	17.00	18.46	18.30	20.28	20.20
Lignite		18.00	22.36	23.59	26.53	27.51	30.00	33.31	34.32
Crude oil	Thousands of tons	18	40	49	60	80	95	181	..
Iron ore	Millions of tons	1.8	1.4	1.4	1.5	1.6	1.7	2.3	2.6
Manganese ore	Thousands of tons	100	..	100	..	..	..	..	200
Electric power	Million MWh	4.115	6.660	7.515	8.268	9.276	10.296	11.634	12.851
Basic materials									
Pig-iron	Millions of tons	1.675	1.423	1.650	1.883	2.052	2.155	2.414	..
Crude steel		2.302	2.286	2.650	2.762	3.011	3.312	3.577	4.558
Copper	Thousands of tons	0.9	6.0	6.5	7.0	7.5	8.0	9.0	..
Rolled products	Millions of tons	1.324	1.650	1.800	1.911	2.200	2.376	2.590	..
Chemicals									
Sulphuric acid	Thousands of tons	165.6	192.0	215.0	..	..	..	..	..
Caustic soda		..	89.5	101.9	..	..	..	..	..
Nitrogenous fertilizer [a]		22.62	25.81	31.30	33.80	..	..	..	..
Other fertilizer [b]		48.39	53.30	60.10	60.78	..	..	..	..
Staple fibres		..	14.50	18.02	20.54	..	..	..	..
Rayon		4.00	4.38	5.16	5.57	..	..	..	..
Soap		..	..	28.4	29.1	..	..	..	45.4
Building material									
Cement	Millions of tons	1.27	1.40	1.66	1.74	..	..	..	..
Bricks	Millions	1128	698	924	803	..	..	..	..
Window glass	Thousands of tons	..	126.26	130.93	135.53	137.00	..	..	..
Engineering									
Machine tools	Thousands	5.50	9.71	11.81	..	..	..	..	..
Tractors		0.20	5.58	9.10	9.60	10.37	..	..	..
Motor vehicles		8.22	8.35	13.21	..	16.40	..	..	..
Railway wagons		1.65	15.35	11.00	.	..	..	..	..
Light industry									
Cotton fabrics	Thousands of tons	55.74	36.40	59.58	54.13	..	..	..	71.50
Woollen fabrics		17.17	19.57	23.81	25.76	..	..	..	28.57
Working clothes	Thousand units	..	..	..	3 874	4 649	6 230	8 473	..
Footwear (all)	Millions of pairs	55.03	50.42	64.38	68.79	..	..	..	..
Paper	Thousands of tons	..	227.09	260.0	274.94	..	..	..	..
Sawn timber	Thousands of m³	2 430	2 965	2 948	3 165	..	..	..	..
Food processing									
Flour	Thousands of tons	..	1 356	1 478	1 069	..	..	..	..
Sugar		604 [d]	..	498	597	704	..	598	722
Meat		..	..	264	..	..	..	..	527
Beer	Millions of hl.	8.281	8.862	8.160	9.695	10.760	..	..	11.832
Alcohol	Thousands of hl.	..	429	269	456	561	..	..	..
Cigarettes	Millions	11 716	10 153	12 984	11 945	14 334	15 481	17 029	..
Vegetable fats	Thousands of tons	62.82	49.80	70.86	60.44	..	..	74.10	..
Butter		..	..	22.9	30.4	..	..	38.8	34.3
Milk [e]	Millions of hl.	..	..	21.9	..	..	..	25.3	30.7

Sources : See Appendix B.

[a] In terms of nitrogen content.

[b] In terms of plant nutrient.

[c] In motor truck units (3 trucks = 1 motor car).

[d] 1936/37.

[e] Gross production.

Table XLVI

INDUSTRIAL PRODUCTION IN EASTERN GERMANY

Commodity	Unit	1936[a]	1946	1947	1948	1949	1950	1951	1952	1953 First half[b]	1953 Revised Plan
Mining											
Hard coal	Millions of tons	3.5	2.5	2.8	2.8	3.0	2.8	3.2	2.9	1.5	3.1
Lignite		101.1	109.8	101.7	110.8	124.0	137.2	151.5	154.3	84.4	177.5
Iron ore		0.3	0.2	0.3	0.3	0.3	0.4	0.5	0.8	0.6	1.1
Copper ore		1.1	0.3	0.4	0.5	0.7	0.8	1.0	1.1	0.6	1.4
Potash salt[c]		0.8	0.7	0.8	1.0	1.2	1.3	1.4	1.4	0.9	1.9
Electric power	Million MWh	13.8	..	13.7	15.4	17.1	18.3	20.0	21.6	11.0	25.7
Basic materials											
Pig-iron	Thousands of tons	201	122	127	179	246	333	337	651	320	815
Crude steel		1 199	152	192	302	602	995	1 552	1 893	840	1 940
Copper		68.5	..	..	..	..	..	28.7	27.0	18.0	47.0
Chemicals											
Sulphuric acid	Thousands of tons	302.0	83.9	101.5	147.7	193.8	233.2	275.2	287.8	170.0	385.0
Caustic soda[c]		123.7	..	70.1	77.7	130.5	150.0	187.5	294.2 *	102.0	247.0
Nitrogenous fertilizers[c]		305.3	..	..	..	..	230.0	..	..	130.0	290.0
Phosphorous fertilizers[c]		—	6.5	7.8	19.9	19.4	24.0	32.3	37.0	43.0	87.0
Staple fibres		17.1	..	..	71.1	..	85.4	102.0	..	40.2	92.3
Rayon		12.4	4.1	4.3	5.8	8.1	9.4	15.1	17.9	9.7	21.2
Building materials											
Cement	Thousands of tons	1 687	560	650	918	1 154	1 389	1 630	1 988	1 100	2 170
Bricks	Millions	2 622	..	360	310	1 000	1 376	1 716	..	1 050	2 120
Window glass	Millions of m²	2.2	3.7	4.4	9.8	13.2	15.0	14.9	13.4	9.1	18.8
Engineering											
Machine tools	Thousands	51.8	..	..	..	..	13.6	16.2	..	..	..
Tractors		..	..	..	..	0.9 *	5.4	9.1	..	6.1	14.1
Motor trucks		19.1	..	..	..	1.2 *	2.4	9.7	12.6	5.2	13.3
Motor cars		..	..	..	..	4.5	9.2	11.8	..	14.1	28.7
		..	..	..	..	..	8.6	..	..	..	..
Light industry											
Cotton, woollen and other fabrics	Thousands of tons	162	..	..	..	83	119	111 *	119 *	120.2[d]	284.8[d]
Leather footwear	Millions of pairs	15.3	5.4	6.0	6.0	5.4 *	8.0	10.9	14.1	8.3	17.5
Paper	Thousands of tons	918.0	..	265.0	292.0	..	..	..	..	180.0	380.0
Newsprint		13.2	..	..	4.2	4.5	..	..	..	41.0	91.0
Food processing											
Raw sugar	Thousands of tons	846	500	585	565	715	700	850	795	..	..
Butter		..	..	..	..	53.8	58.0	80.0	..	..	..
Animal fats		20	..	..	..	..	61	79	139	..	..
Fish, landings		..	..	..	38	..	50	71	90	..	..
Alcohol (crude)		..	..	..	..	..	446	669	..	..	..
Vegetable oil		..	..	..	..	24.0	45.4	59.0	..	..	..

Sources : See Appendix B.

[a] It should be noted that production increased rapidly between 1936 and 1938; for example, in 1938 production of crude steel was 1.7 million tons, cement 2.5 million tons and electric power 17.2 million MWh.

[b] At half-yearly rates.

[c] In pure content.

[d] In millions of square metres.

Table XLVII

INDUSTRIAL PRODUCTION IN HUNGARY

Commodity	Unit	1938	1947	1948	1949	1950	1951	1952	1953
Mining									
Hard coal	Millions of tons	1.0	1.1	1.2	1.5	1.7	1.8	18.7	..
Lignite		8.4	7.7	9.4	10.3	11.6	13.4		..
Iron ore		0.3	..	0.3	0.3	0.4	0.4	..	..
Crude oil	Thousands of tons	43	580	485	503	550	..	..	..
Bauxite		540	339	479	561	650 *	..	..	..
Electric power	Million MWh	1.4	..	2.0	2.4	2.8	3.3	3.9	..
Basic materials									
Pig-iron	Thousands of tons	335	330	384	438	482	506	575	..
Crude steel		648	597	733	849	1 022	1 234	1 396	1 800
Aluminium		1.30	5.10	9.10	14.40	..	26.60	30.85	..
Chemicals									
Sulphuric acid	Thousands of tons	45.0	18.2	..	..	..	..	..	..
Caustic soda [a]		2.7	2.3	4.2	8.2	..	..	..	..
Nitrogenous fertilizers [a]		7.4	..	8.6	13.4	41.2	..	..	37.0
Other fertilizers [a]		7.3	3.1	9.7	15.3				
Building materials									
Cement	Millions of tons	0.34	0.21	0.32	0.55	0.79	1.00	1.08	..
Bricks	Millions	548	150	..	..	..	..	..	..
Window glass	Million m²	1.60	3.50	..	3.91	4.38	..	..	..
Engineering									
Machine tools	Unit	115	..	1 875	3 500	6 860	11 422	12 381	..
Tractors		553	..	1 189	2 600	3 926	3 651	..	..
Motor trucks		1 686	..	1 934	3 200	8 352	15 451	25 649	..
Railway wagons		1 730	..	4 730	5 545	4 546	3 637	4 095	..
Light industry									
Cotton fabrics	Millions of metres	185	125	186	221	239	277	290	..
Woollen fabrics		20.0	9.8	14.4	17.5	19.6	22.8	..	..
Leather footwear	Millions of pairs	3.50	..	3.68	4.27	6.28	8.00	9.22	..
Paper	Thousands of tons	49.6	40.4	54.0	72.0	..	..	..	..
Food processing									
Flour	Millions of tons	1.3	0.7	..	1.2	1.3	1.3	1.1	1.2
Sugar, refined	Thousands of tons	127	140	..	150	190	280	140	300

Sources: See Appendix B.

[a] In pure content.

Table XLVIII

INDUSTRIAL PRODUCTION IN POLAND

Commodity	Unit	1937 Pre-war territory	1937 Post-war territory	1947	1948	1949	1950	1951	1952	1953
Mining										
Hard coal	Millions of tons	36.2	63.7	59.1	70.3	74.1	78.0	82.0	84.4	88.6
Lignite		—		4.8	5.0	4.6	4.8	5.9	6.2	..
Crude oil	Thousands of tons	501	160	127	135	154	178	185	236	..
Iron ore		872	..	505	659	699	790	901	1027	..
Coke	Millions of tons	2.3	5.7	4.5	5.2	5.8	6.0	6.4	7.4	..
Electric power	Million MWh	3.63	6.27	6.61	7.51	8.30	9.71	11.0	11.85	13.53
Basic materials										
Pig-iron	Millions of tons	0.72	1.00	0.87	1.21	1.36	1.49	1.58	1.78	..
Crude steel		1.47	1.91	1.58	1.96	2.30	2.51	2.79	3.18	3.60
Rolled products		1.076	..	1.155	1.346	1.548	1.765	1.994	2.193	..
Chemicals										
Sulphuric acid	Thousands of tons	189.0	267.0	150.0	222.0	304.0	313.1	432.0	..	..
Caustic soda [a]		22.0	23.0	30.9	48.0	56.4	64.9	71.4	71.4	..
Fertilizers [a]		498.0	..	433.0	628.0	814.0	857.0	934.0	1 027.0	..
of which :										
nitrogenous [a]		220.3	..	237.9	339.1	387.6	430.2	..	394.0	..
superphosphates [a]		276.9	..	194.3	288.5	425.5	..	..	448.9	..
Rayon		6.5	..	5.6	7.1	8.6	10.0	11.1	11.3	
Soap		..	..	6.0	18.4	53.0	70.0	72.8	75.0	..
Building materials										
Cement	Millions of tons	1.28	2.77	1.52	1.80	2.34	2.51	2.68	2.66	3.32
Bricks	Billions	1.85	2.82	0.70	0.98	1.25	1.46	..	..	..
Sheet glass	Thousands of tons	25.0	..	59.7	76.0	76.9	88.5	92.0	133.0	..
Engineering										
Machine-tools	Thousands of tons	1.74	3.06	4.08	6.80	9.44	12.18	17.17	..	20.30
Tractors	Thousands	..	..	..	..	2.51	4.02	4.14	..	6.70
Railway wagons	Thousands	0.32	0.84	11.52	13.00	15.45	15.76	16.38	16.87	..
Accumulators	Thousands of tons	1.8	..	1.9	3.7	3.2	..	..	..	..
Motor cycles	Thousands	..	..	..	..	4.2	7.1	..	..	..
Light industries										
Cotton fabrics [b]	Million m^2	..	287.6	257.3	344.0	406.5	435.0	465.5	474.8	498.0
Woollen fabrics [b]		..	37.7	32.5	41.9	50.1	56.6	61.7	64.2	66.9
Linen fabrics		..	5.8	27.6	32.5	39.3	49.9	..	..	..
Rayon fabrics		..	23.0	21.6	31.5	47.7	57.2	65.8	67.8	66.8
Leather footwear	Millions of pairs	2.1	..	3.1	4.9	7.3	9.3	13.1	14.3	20.4
Paper	Thousands of tons	195.0	598.8	206.5	246.8	265.2	291.8	335.5	347.0	..
Commercial timber	Million m^3	4.84	5.53	3.23	3.38	4.59	4.92	..	..	..
Furniture	Thousands of suites	..	..	9.38	12.74	26.26	..	..	..	..
Knitted wear	Thousands of tons	3.1	..	4.9	6.2	8.0	..	..	..	..
Food processing										
Raw sugar	Thousands of tons	505.9	900.0	495.9	624.4	745.0	953.6	952.0*	..	1 120.0
Meat (canned)		34.18	..	5.82	9.08	11.45	..	..	..	..
Beer	Millions of hl.	1.41	..	1.53	1.62	2.40	3.38	..	..	..
Alcohol (pure)		85.97	..	66.87	111.88	85.79	85.83	..	..	..
Cigarettes	Millions	7.7	..	10.0	15.1	21.3	25.3	29.9	..	..
Vegetable oil	Thousands of tons	..	..	16.12	33.05	45.19	40.30	..	..	..
Margarine		1.0	..	0.8	13.9	18.9	19.2	..	..	..

Sources : See Appendix B.

[a] Gross.

[b] Measured by weight *(in thousands of tons) :*

	1937 Pre-war territory	1937 Post-war territory	1947	1948	1949
Cotton fabrics	51.5	68.6	47.4	58.9	67.4
Woollen fabrics	20.9	27.6	17.5	23.4	28.1

Table XLIX

INDUSTRIAL PRODUCTION IN RUMANIA

Commodity	Unit	1938	1947	1948	1949	1950	1951	1952	1953
Mining									
Hard coal	Millions of tons	0.3	0.2	0.2	0.2	0.3	0.3	4.3	6.1
Lignite		2.1	2.1	2.2	2.7	2.9	3.5		
Crude oil		6.6	3.8	4.3	4.7	5.3	6.5	8.4	9.3
Iron ore		0.14	0.12	0.21	0.32	0.39	0.47	0.64	..
Electric power	Million MWh	1.15	..	1.51	1.86	2.18	2.55	3.00	..
Basic materials									
Pig-iron	Thousands of tons	130	90	191	275	336	350	390	..
Crude steel		277	182	340	459	560	650	702	750
Copper		0.58	0.51	1.12	2.52	..	..	..	..
Chemicals									
Sulphuric acid	Thousands of tons	43.2	25.2	26.3	37.0	50.0	..	..	..
Caustic soda [a]		11.9	12.8	12.5	14.4	15.4	19.6	22.0	..
Super phosphate fertilizer [b]		2.50	..	1.33	3.75	4.84	9.20	18.14	18.60
Rayon	Tons	883	1 360	1 360	..	..	..	..	..
Building materials									
Cement	Millions of tons	0.53	0.42	0.65	0.87	1.02	1.14	1.50	2.1
Bricks	Millions	1.21	0.43	..	..	..	..	..	..
Window glass	Thousands of tons	13.20	19.80	23.27	..	..	32.34	34.91	..
Engineering									
Tractors	Thousands	—	0.2	0.8	2.2	3.7	3.5	4.3	..
Electric generators and motors	Thousands KW	..	..	25.0	85.0	170.0	372.3	511.0	..
Light industries									
Cotton fabrics	Thousands of tons	21.12	3.29	9.29	11.71	16.39	19.34	22.38	30.8 [c]
Woollen fabrics		5.48	2.84	3.41	3.99	5.07	6.24	..	..
Leather footwear	Millions of pairs	0.64	1.43	2.62	6.93	8.66	10.3	10.64	..
Paper	Thousands of tons	60.9	47.8	76.0	90.0	100.8	107.9	114.4	..
Food processing									
Sugar	Thousands of tons	155.4	81.0	112.0	112.0	110.0	130.0	..	..

Sources: See Appendix B.

[a] In pure content.

[b] Gross.

[c] Plan.

Table L

GROSS OUTPUT OF INDUSTRY AND INDUSTRIAL EMPLOYMENT IN EASTERN EUROPE AND THE SOVIET UNION

		1950 = 100				Corresponding quarter of the previous year=100						
						1952				1953		
		1948	1949	1951	1952	First quarter	Second quarter	Third quarter	Fourth[a] quarter	First quarter	Second quarter	Third quarter
Bulgaria :	Total	64	82	120	142	122	119	117	..	115	108	115
	Heavy industry	62	83	123	154	107	110	122	..	..	..	..
	Light industry	65	81	118	130	112[b]	119[b]	126[b]	..	..	..	..
	Employment	81	94	105	111	104	106	..	..	107	102	102
Czechoslovakia :	Total	75	87	115	136	119	118[c]	121	..	110	111	111
	Heavy industry	75	87	123	157	128	127[c]	..	..	114	115[d]	116[d]
	Light industry	75	87	109	120	113[b]	111[b c]	..	..	104	104[e]	103[e]
	Employment	89	93	105	108	103	..	..	..	101	102	102
Eastern Germany :	Total	65	79	122	141	119	113	118	..	..	110	114
	Heavy industry	..	80	119	138	..	..	..	..	..	..	..
	Light industry	..	78	125	142	..	..	..	..	..	..	..
	Employment	93	92	108	113	104	106	105	..	..	..	103
Hungary :	Total	52	74	130	161	131	124	124	..	108	113	112
	Heavy industry	53	73	138	185	130	130	131	..	122	..	..
	Light industry	51	74	122	138	117[b]	111[b]	111[b]	..	..	..	..
	Employment	78	88	114	128	111	111	112	..	..	110	107
Poland :	Total	65	79	124	149	119	120	121	..	115	116[c]	118[f]
	Producer goods	..	79	125	153	..	..	..	..	..	..	..
	Consumer goods	..	80	118	132	..	..	..	..	..	..	..
	Employment	74	86	106	112	106	104	106	..	106	105[c]	105[f]
Rumania :	Total	52	73	129	159	120	121	125	..	123	119	114
	Heavy industry	..	..	130	..	..	..	..	..	..	..	..
	Light industry	..	..	128	..	..	..	..	..	..	..	..
	Employment	71	84	117	128	108	106	112	..	112	..	..
Soviet Union :	Total	68	82	117	130	116	111	111	..	..	110[c]	..
	Producer goods	63	80	117	132	..	..	..	..	..	..	..
	Consumer goods	80	87	116	130	..	..	..	..	..	..	..
	Employment	90	95	104	106	105	105	105	..	..	105[c]	..

Sources and methods : See Appendix B.

NOTE. — The definition of industry is the same as in Table I. Heavy industry includes Division 1, major groups 31 to 39 and Division 5 of the *International Standard Industrial Classification of all Economic Activities.*

[a] Owing to revisions which are not always published, no attempt should be made to derive the quarterly index numbers from those for the year and remaining quarters.

[b] Excluding the food-manufacturing industries.

[c] First six months as a percentage of the corresponding period of the previous year.

[d] Production of producer goods.

[e] Production of consumer goods.

[f] First nine months as a percentage of the corresponding period of the previous year.

Table LI

INDEX NUMBERS OF WHOLESALE PRICES IN SELECTED WESTERN EUROPEAN COUNTRIES BY SECTORS

June 1950 = 100

	1949	1951		1952				1953		
	June	June	Dec.	March	June	Sept.	Dec.	March	June	Sept.
Energy										
Belgium	101	112	115	117	116	115	115	115	112	112
France	95	116	134	140	137	134	134	134	131	133
Western Germany	99	113	119	120	137	140	139	148	148	149
Netherlands	89	123	134	137	136	138	141	141	140	141
Metal making										
Belgium	94	146	164	162	150	149	140	134	130	131
France	94	126	161	161	153	152	150	152	154	153
Western Germany	92	127	153	150	163	170	170	167	161	155
Italy	119	153	156	166	157	155	146	132	124	124
Netherlands	99	183	185	178	176	170	161	152	141	135
Sweden	99	151	165	171	170	167	158	150	145	142
Chemicals										
Belgium	100	134	132	127	122	116	113	112	107	107
Denmark	98	112	118	116	114	110	108	106	105	101
Finland	95	146	147	152	148	145	143	139	133	127
France	100	122	136	137	131	127	128	130	126	127
Western Germany	112	118	119	117	112	110	109	109	107	107
Ireland	103	119	130	134	136	130	126	124	119	..
Italy	109	118	113	113	110	108	107	104	102	99
Netherlands	97	130	132	131	121	118	115	116	113	112
Norway	94	113	122	127	121	121	113	111	111	108
Sweden	99	131	146	144	138	132	124	117	113	110
Textiles										
Belgium	88	159	125	114	106	105	106	105	106	104
Finland	87	160	152	142	134	134	135	134	135	138
France	80	162	133	123	117	114	111	111	114	113
Western Germany	100	145	124	113	101	100	98	96	96	95
Italy	108	141	127	119	113	112	109	109	109	104
Sweden	94	185	142	135	127	124	124	123	125	125
Food and beverages										
Belgium	116	119	135	129	120	125	125	116	118	123
Denmark	87	129	120	118	121	121	123	123	122	116
France	95	121	138	134	132	136	133	130	128	124
Western Germany	105	115	116	115	112	114	115	112	111	110
Italy	107	108	108	106	102	108	111	112	112	112

Sources and methods : See Appendix B.

Note. — An attempt has been made to cover the same sectors (except for food and beverages) as in the tables of index numbers of industrial production. However, owing to lack of sufficient data, the price indices are not always comparable between countries, nor for individual countries, with the production indices. For further details, see Appendix B.

Table LII

OUTPUT OF PRODUCER GOODS IN YUGOSLAVIA

	Unit	Actual production					Planned production	
		1939	1946	1949	1952	1953	1951 end-year rate (1946 Plan)	1955[a] (after completion of key projects)
Electric power	Millions of MWh	1.1	1.1	2.2	2.7	3.0	4.4	4.4
Coal	Millions of tons	7.0	6.8	12.1	12.1	10.3	16.5	19.0
Crude oil	Thousands of tons	1	29	63	152	166.8	450	350
Crude oil, refined		97	21	335	517	583	..	910
Natural gas	Millions of m^3	2.6	5.7	8.3	13.8	72.7	..	..
Iron ore	Thousands of tons	667	395	825	676	788	1 500	2 450
Pig-iron		101	84	190	273	261	550	974
Crude steel		235	202	401	442	509	760	1 333
Copper ore		984	646	954	1 265	1 353	..	1 800
Copper, blister		42	22	34	33	32	40	32
Copper, electrolytic		12	13	14	21	36	36	42
Aluminium		1.8	1	2	3	3	13	38
Lead		11	33	57	67	70	65	71
Zinc		5	3	10	14	15	20	28
Ferro-alloys		12	4	12	15	14	17	..
Rolled copper products		5	..	..	18	..	..	29
Rolled aluminium products		—	..	..	2	..	..	26
Cement	Millions of tons	0.9	0.7	1.3	1.3	1.3	2.2	2.1
Bricks	Millions	639	274	973	550	648	1 376	..
Sulphuric acid	Thousands of tons	14	26	45	32	40	92	115
Soda ash		22	21	35	33	35	50	66
Caustic soda		15	6	19	20	23	35	44
Calcium carbide		55	18	38	40	45	126	65
Copper sulphate		13	12	17	14	14	22	24
Fertilizers		73	52	81	70	84	350	230
Sawn timber	Millions of m^3	..	1.0	3.2	2.1	2.1	1.6	..
Plywood	Thousands of m^3	..	14.0[b]	13.4	14.9	15	48.4	..
Cellulose	Thousands of tons	28	12	23	34	36	87	85
Wood-pulp		10	9	18	15	20	63	..
Paper and board		50	32	58	49	61	145	109
Machine-tools		0.1	0.2[b]	1.0	2.0	2.5	3.0	..
Lorries	Thousands	—	0.2[b]	0.5	0.7	1.4	6.0	..
Tractors		—			3	..	1.5	27
Agricultural machinery	Thousands of tons	3.2	1.8	10.4	9.7	11	34.0	35.0
Generators	Megawatts	4	8	137	259	270	135	620
Transformers	MWh	..	4	168	411	603	360	1 700

Sources: National statistics.

[a] Planned capacity.
[b] 1947.

Table LIII

OUTPUT OF CONSUMER GOODS IN YUGOSLAVIA

Commodity	Unit	1939	1946	1949	1952	1953	1951 Plan
Cotton yarn	Thousands of tons	..	21.4	29.2	25.9	27.0	47.4
Woollen yarn		..	6.7	13.3	10.3	7.5	..
Cotton fabrics	Million m^2	..	77.4	154.9	111.9	120.9	250.0 [a]
Woollen fabrics		..	15.7	27.9	20.0	16.4	24.2 [a]
Stockings	Thousands of pairs	..	..	..	22.6	..	20.5
Leather footwear	Millions of pairs	6.9	6.3	10.8	5.4	4.5 [b]	8
Rubber footwear		5.9	5.2 [b c]	7.3	7.7	6	7.6
Motor-car tyres	Thousands	7.9	4.1	43.5	55.2	58.6	160
Bicycle-tyres		276	157	674	106	275	2 640
Bicycles		—	..	..	..	..	50.0
Typewriters		—	..	..	..	..	10.0
Radios		—	—	38	27	45	150
Electric bulbs	Millions	1.2	1.2	3.0	5.6	5.4	7.8
Sugar	Thousands of tons	108	71	101	58	161	230
Edible oils		24	24 [b c]	24	19	20.7	75
Flour pastes		40	18	22	24	30	69
Canned fish		1.7	1.1	2.7	2.7	3	4.5
Starches		..	5 [c]	9	9	9	80
Soap (60%)		11.7	13.1	12.5	21.2	21.5	28.0

Sources : National statistics.

[a] Millions of metres.

[b] Local small-scale industry excluded.

[c] 1947.

Table LIV

RETAIL PRICES IN BULGARIA AND RUMANIA

Prices in post-reform leva or lei

	Unit	Prices						Index Numbers					
		June 1950		December 1952		September 1953		December 1952		September 1953			
								June 1950 = 100				*Dec. 1952 = 100*	
Bulgaria													
1. *Food*		*Ration*	*Free*		*Free*		*Free*	*Ration*	*Free*	*Ration*	*Free*		*Free*
Rye bread	Kg.	1.44	3.84		2.45		1.67	170	64	116	43		68
Wheat bread	Kg.	—	5.76		6.24		4.08	—	108	—	71		65
Wheat flour	Kg.	3.20	8.00		8.84		5.71	276	111	178	71		65
Beef	Kg.	6.00	16.00		16.80		14.40	280	105	240	90		86
Veal	Kg.	11.20	..		21.00		18.00	188	..	161	..		86
Pork	Kg.	13.20	20.00		25.20		21.60	191	126	164	108		86
Mutton	Kg.	9.60	..		21.00		18.00	219	..	188	..		86
Butter	Kg.	23.20	33.60		27.50		23.12	119	82	100	69		84
Lard	Kg.	10.00	34.00		21.00		17.90	210	62	179	53		85
Sunflower oil	Litre	6.80	26.00		17.10		13.42	251	66	197	52		78
Rice	Kg.	4.80	18.00		10.00		10.00	208	56	208	56		100
Potatoes	Kg.	..	1.52		1.65		1.26	..	109	..	83		76
Cheese	Kg.	11.30	16.00		16.05		12.58	142	100	111	79		78
Eggs	Each	—	1.00		1.05		0.88	—	105	—	88		84
Beans	Kg.	6.00	8.00		15.20		11.70	253	190	195	146		77
Sugar	Kg.	..	9.60		9.60		9.60	..	100	..	100		100
2. *Clothing*			*Free*						*Free*		*Free*		
Calico	Metre		24.0		38.50		30.62		160		128		80
Suit, men's	Each		680.0		1 042.75		970.00		153		143		93
Socks, men's	Pair		16.0		14.82		11.90		93		74		80
Shoes, leather, men's	Pair		200.0		268.75		231.25		134		116		86
Rumania													
1. *Food*		*Ration*	*Free*	*Ration*	*Free*	*Ration*	*Free*	*Ration*	*Free*	*Ration*	*Free*	*Ration*	*Free*
Mixed bread	Kg.	0.99	..	0.70	2.00	0.70	2.60	71	..	71	..	100	130
White bread	Kg.	—	9.35	—	4.36	—	11.00	—	47	—	118	—	252
Wheat flour	Kg.	..	9.35	1.00	4.00	1.00	11.00	..	43	..	118	100	252
Beef	Kg.	3.86	14.33	4.80	7.56	4.80	11.00	124	53	124	77	100	146
Butter	Kg.	23.15	52.92	—	21.50	—	30.00	—	41	—	57	—	140
Lard	Kg.	..	20.40	..	14.00	..	30.00	..	69	..	147	..	214
Sunflower oil	Kg.	3.00	17.09	3.00	11.00	3.00	30.00	100	64	100	176	100	273
Potatoes	Kg.	0.55	1.32	0.27	0.48	0.27	5.00	49	36	49	379	100	1 042
Milk	Litre	2.20	..	—	1.10	—	3.00	—	..	—	..	—	273
Cheese, goat	Kg.	13.78	22.05	—	11.00	—	11.00	—	50	—	50	—	100
Eggs	Each	..	0.40	..	1.00	..	1.50	..	250	..	375	..	150
Sugar	Kg.	1.65	19.85	2.80	9.30	2.38	10.00	170	47	144	50	85	108
2. *Clothing*													
Suit, men's	Each	210.00	650.00	227.50	393.75	136.50	500.00	108	61	65	77	60	127
Suiting, men's	Metre	30.05	164.05	80.60	225.00	48.36	225.00	268	137	161	137	60	100
Cotton cloth	Metre	4.10	12.30	3.44	9.44	2.06	11.00	84	77	50	89	60	117
Socks, men's	Pair	2.00	5.50	6.95	9.44	4.17	10.00	348	181	209	182	60	101
Stockings, cotton, ladies'.	Pair	6.25	15.00	6.95	8.68	4.17	8.68	111	58	67	58	60	100
Shoes, leather, men's	Pair	75.00	185.00	82.85	150.67	62.15	175.00	110	81	83	95	75	116

Sources : See Appendix B.

Table LV

A. RATIONED AND FREE MARKET PRICES OF THE CONSTITUENTS OF THE COST OF LIVING IN CZECHOSLOVAKIA, 1950–53

	Unit	Weekly consumption of index family	Prices *(Post-reform Kčs)*							
			Ration			Free				
			Dec. 1950	Dec. 1951	Dec. 1952	Dec. 1950	Dec. 1951	Dec. 1952	June 1953	October 1953
1. *Food*										
Bread	Kg.	6.51	—	1.48	2.—	1.—	2.80	3.60	2.80	2.80
Wheat flour : white		2.30	—	3.76	3.39	2.60	7.—	7.76	6.—	5.40
Wheat flour : fine quality		1.83	—	2.63	2.40	1.50	4.65	6.20	5.—	4.50
Grits, wheat		0.22	—	4.40	4.40	2.60	. .	7.60	8.—	7.35
Beef, weighed with bones		0.94	9.50	8.47	9.08	26.50	42.15	41.88	20.—	20.—
Pork, weighed with bones		0.79	10.—	10.50	10.32	38.—	64.—	57.06	29.40	29.40
Veal, weighed with bones		0.28	10.—	16.40	12.—	38.—	64.—	60.—	32.—	32.—
Pork, smoked, weighed with bones		0.18	. .	. .	. .	42.—	70.—	72.—	34.—	34.—
Sausage		0.22	14.40	. .	11.—	36.—	70.—	52.—	32.—	32.—
Sausage, smoked		0.17	16.—	. .	9.—	40.—	58.—	50.—	23.—	23.—
Sausage, Prague type		0.08	. .	. .	13.—	24.—	56.75	56.—	30.—	30.—
Sausage, Polish type		0.08	. .	. .	17.—	36.—	60.—	82.—	40.—	40.—
Butter		0.26	17.70	16.04	16.—	68.—	84.80	90.28	44.—	44.—
Lard, melted		0.83	13.—	15.20	13.42	48.—	86.20	93.56	36.—	36.—
Margarine		0.19	7.60	8.40	8.50	. .	47.64	56.—	24.—	24.—
Rice		0.35	8.—	8.—	3.36	60.—	60.—	60.14	33.—	28.—
Peas		0.17	—	—	—	2.32	2.32	12.—	10.—	10.—
Potatoes		6.23	—	0.35	0.53	0.60	0.64	1.40	0.78	0.67
Milk	Litre	10.52	0.84	1.—	0.90	1.60	2.40	4.—	2.20	2.20
Curd	Kg.	0.35	3.50	3.50	3.50	16.—	16.—	12.—	10.—	10.—
Cheese, half-fat		0.10	. .	. .	—	21.75	16.—	16.—	28.—	28.—
Eggs	Each	10	0.66	0.70	0.80	1.22	2.10	2.10	1.40	1.40
Cabbage	Kg.	1.73	—	—	—	0.86	0.95	2.10	2.10	1.70
Onions		0.35	—	—	—	1.30	1.52	4.60	4.60	4.60
Carrots		1.04	—	—	—	0.58	0.73	2.10	2.10	2.10
Apples		1.11	—	—	—	4.—	4.—	5.59	6.—	6.—
Plum jam		0.08	6.60	6.60	—	. .	. .	13.53	8.—	8.—
Poppy-seed		0.21	—	—	—	24.—	24.—	24.—	24.—	24.—
Sugar		1.83	3.14	3.14	3.16	28.—	28.—	28.—	14.—	12.—
Coffee, roasted		0.08	—	—	—	160.—	244.29	291.40	300.—	300.—
Coffee substitute		0.31	—	—	—	2.72	2.72	3.—	3.—	3.—
Chicory, ground		0.10	—	—	—	4.24	4.24	6.—	6.—	6.—
Tea		0.01	—	—	—	400.—	320.—	320.—	260.—	210.60
Chocolate		0.07	—	—	—	100.—	140.—	200.—	220.—	220.—
Salt		0.30	—	—	—	0.94	0.94	1.16	0.92	0.92
2. *Clothing*										
Suits, wool, men's	Each	0.006	520.—	513.—	430.—	898.40	1 166.40	1 400.—	530.—	318.—
Overalls, cotton, men's		0.038	60.—	50.—	57.20	152.—	173.—	210.—	120.—	93.—
Coats, wool, heavy, men's		0.003	429.80	410.—	514.20	1 000.—	1 240.—	1 257.20	630.—	472.50
Dresses, ladies'		0.010	360.—	360.—	428.—	700.—	800.—	1 100.—	640.—	420.—
Suits, boys', large size		0.010	130.20	128.40	164.—	369.80	480.—	554.—	180.—	108.—
Suits, boys', small size		0.010	67.80	66.80	85.30	184.60	213.60	238.—	164.—	98.40
Dresses, girls'		0.010	44.80	63.—	74.90	87.20	140.—	137.—	79.30	71.40
Jerseys, men's		0.038	10.80	18.20	23.60	47.60	80.60	110.45	58.—	55.10
Shirts, long-sleeved, men's		0.038	40.—	44.—	52.40	141.60	108.40	124.80	70.—	66.50
Shirts, boys', large size		0.038	25.40	27.80	34.50	90.—	69.—	92.—	40.—	38.—
Shirts, boys', small size		0.038	19.80	21.80	29.30	70.60	54.—	81.—	34.—	32.30
Pants, men's		0.038	13.—	24.—	27.—	57.20	60.—	72.—	24.—	22.85
Slips and panties, ladies'		0.038	86.—	86.—	116.30	142.40	220.—	320.—	135.50	128.70
Pants, children's, large size		0.038	10.—	18.80	12.—	44.40	46.60	30.—	19.60	18.60
Pants, children's, small size		0.038	7.80	14.40	10.50	34.—	35.80	29.—	16.—	15.20
Vests and knickers, girls'		0.038	73.40	73.40	85.—	121.60	187.80	192.—	97.—	92.15

Table LV *(continued)*

A. RATIONED AND FREE MARKET PRICES OF THE CONSTITUENTS OF THE COST OF LIVING IN CZECHOSLOVAKIA, 1950–53

	Unit	Weekly consumption of index family	Prices *(Post-reform Kčs)*							
			Ration			Free				
			Dec. 1950	Dec. 1951	Dec. 1952	Dec. 1950	Dec. 1951	Dec. 1952	June 1953	October 1953
2. *Clothing* (continued)										
Combinations	Each	0.019	28.40	29.60	34.—	120.—	136.—	147.—	122.20	100.10
Socks, cotton, men's	Pair	0.013	4.—	4.—	4.40	10.—	10.—	10.80	5.80	5.50
Stockings, cotton, ladies'		0.059	17.20	18.60	12.—	32.80	36.—	64.—	31.—	29.45
Stockings, silk, ladies'		0.038	27.40	30.—	24.—	52.60	56.—	122.20	78.—	46.80
Stockings, cotton, children's . .		0.115	17.20	18.60	12.—	32.80	36.—	34.—	19.—	18.05
Hats, men's	Each	0.010	—	—	—	50.20	55.—	69.—	22.46	17.95
Hats, boys'		0.010	—	—	—	30.60	33.60	38.—	13.70	11.—
Caps, boys'		0.010	—	—	—	12.20	13.40	15.90	13.—	10.40
Hats, ladies'		0.019	—	—	—	91.20	100.—	115.—	60.—	31.50
Hats, girls'		0.019	—	—	—	56.40	61.80	68.—	40.—	32.—
Caps, ladies'		0.019	—	—	—	19.40	21.40	38.40	35.—	28.—
Caps, girls'		0.019	—	—	—	17.40	19.—	27.—	26.—	20.80
Boots, men's	Pair	0.019	110.—	98.40	124.20	372.60	333.40	300.—	120.—	120.—
Shoes, leather, men's		0.019	202.40	71.40	136.—	526.60	368.60	497.40	168.—	168.—
Boots, ladies'		0.019	77.40	69.40	104.—	262.60	235.—	290.—	179.—	179.—
Shoes, leather, ladies'		0.019	45.60	40.80	64.—	154.80	138.40	200.—	153.—	153.—
Boots, boys', large size		0.038	62.60	56.—	95.40	211.80	189.60	210.—	158.—	158.—
Boots, boys', small size		0.038	45.20	40.40	45.40	152.60	136.60	145.—	93.—	93.—
Boots, girls'		0.038	45.60	40.80	64.—	154.80	138.40	200.—	153.—	153.—
Soling, men's shoes		0.059	—	—	—	44.—	44.—	44.—	26.40	26.40
Soling, ladies' shoes		0.038	—	—	—	30.—	30.—	30.—	19.20	19.20
Soling, children's shoes		0.038	—	—	—	11.80	11.80	11.80	10.60	10.60
3. *Heat and light*										
Lignite	Quintal	0.45	11.83	12.80	12.80	. .	. .	—	13.—	13.—
Coal		0.15	17.16	16.—	16.90	. .	. .	—	18.80	18.80
Firewood	Kg.	3.00	0.27	0.27	0.27	. .	. .	—	0.31	0.31
Electric power	KWh	1.—	—	—	—	0.78	0.80	0.88	0.80	0.80
Methylated spirit	Litre	0.50	—	—	—	2.—	2.—	2.—	1.92	1.92
Matches	Box	2.—	—	—	—	0.20	0.20	0.30	0.20	0.20
Soap	Kg.	0.25	8.20	8.20	9.50	18.—	18.—	22.—	16.—	14.24
Washing soda		0.25	—	—	—	2.40	2.40	2.50	2.40	2.40
4. *Rent*										
Controlled rent, one room with kitchen	Week		. .	. .	. .	14.—	14.—	14.—	14.—	14.—
5. *Other goods and services*										
Beer, 7 per cent	Litre	3.5	—	—	—	1.90	1.90	1.90	1.40	1.16
Tobacco, pipe	50 gr.	3.—	—	—	—	3.—	3.—	2.90	1.30	1.20
Cigarettes	Each	80.—	—	—	—	0.20	0.20	0.20	0.18	0.16
Hairdressing, ...	Cut	0.17	—	—	—	2.—	2.—	2.—	2.—	2.—
Hairdressing, children's		0.17	—	—	—	2.—	2.—	2.—	2.—	2.—
Shaving	Shave	1.—	—	—	—	1.60	1.60	1.60	1.60	1.60
Tramway return fare	Ticket	6.—	—	—	—	1.—	1.—	1.20	1.20	1.20
Railway fare	20 km.	0.58	—	—	—	4.—	4.—	4.—	4.—	4.—
Newspaper, weekday issue . . .	Copy	6.—	—	—	—	0.30	0.30	0.30	0.30	0.30
Newspaper, Sunday issue . . .		1.—	—	—	—	0.50	0.50	0.50	0.50	0.50
Lending library	Fee	0.25	—	—	—	4.—	4.—	4.—	4.—	4.—
Theatre, gallery	Ticket	0.5	—	—	—	2.80	2.80	4.—	4.—	4.—
Cinema		0.5	—	—	—	1.60	1.60	2.—	2.—	2.—
Income tax	Week		—	—	—	2.31	3.17	18.46	12.32	12.32
Health insurance			—	—	—	7.13	7.81			
Age and disability insurance . .			—	—	—	11.53	12.64			
Trade Union membership			—	—	—	2.10	2.30	2.31	2.46	2.46

Source: See Appendix B.

Table LV *(continued)*

B. RATIONED AND FREE MARKET PRICES OF THE CONSTITUENTS OF THE COST OF LIVING IN EASTERN GERMANY, 1950–53

	Unit	Consumption of index family	Prices in DM (Ost)							
			Ration				Free			
			Dec. 1950	Dec. 1951	Dec. 1952	Nov. 1953	Dec. 1950	Dec. 1951	Dec. 1952	Nov. 1953
1. *Food*		*Monthly*								
Rye bread	Kg.	33.000	0.60	—	—	—	..	0.60	0.60	0.60
Wheat bread (72%)		1.000	0.60	—	—	—	1.60	1.20	1.20	1.20
Rolls 50 gr. each		4.000	0.60	—	—	—	2.40	1.20	1.20	1.20
Wheat flour (72%)		3.000	0.46	—	—	—	1.60	1.32	1.32	1.32
Grits, wheat, first quality		2.300	0.69	—	—	—	..	1.70	1.70	1.70
Pastes (40%)		2.000	1.14	—	—	—	3.60	2.26	2.26	2.26
Oat-flakes, first quality		1.000	1.07	—	—	—	1.60	1.08	1.08	1.08
Barley groats, first quality		1.100	0.64	—	—	—	..	0.64	0.64	0.64
Cereals for babies		0.170	2.62	—	—	—	..	2.76	2.76	2.76
Beef, second quality		2.550	2.12	2.12	2.12	2.08	12.70	9.50	9.50	8.55
Pork (chop)		1.100	2.78	2.78	2.78	2.86	17.00	12.80	12.80	11.20
Veal		0.580	3.08	3.08	3.08	3.46	13.60	13.60	13.60	12.25
Mutton		0.140	3.08	3.08	3.08	3.38	13.60	13.60	13.60	12.25
Sausage		2.180	3.84	3.84	3.84	3.94	20.00	16.00	16.00	14.40
Fish, fresh, without head		1.300	1.77	1.80	1.80	—	9.80	9.80	9.80	1.83
Salt herring		1.000	1.38	1.40	1.40	—	..	..	..	1.42
Lard, melted		1.965	2.60	2.60	2.60	2.85	22.00	19.00	19.00	13.00
Margarine		2.460	2.30	2.30	2.30	2.30	14.00	12.50	8.00	6.00
Butter		1.030	4.20	4.20	4.20	4.20	24.00	20.00	20.00	20.00
Milk, whole	Litre	12.000	0.32	0.32	0.32	0.32	2.00	2.00	2.00	1.60
Cheese	Kg.	0.730	—	—	—	—	12.80	10.20	10.20	10.20
Eggs	Each	12	0.15	0.15	0.15	0.15	0.60	0.60	0.55	0.45
Dried peas	Kg.	1.000	0.86	—	—	—	..	0.88	0.88	0.88
Cabbage		12.000	—	—	—	—	0.26	0.25	0.24	0.24
Spinach		3.500	—	—	—	—	0.60	0.58	0.54	0.54
Apples		5.000	—	—	—	—	2.66	2.04	1.42	1.40
Tinned cherries		0.500	—	—	—	—	3.80	3.80	3.80	2.85
Potatoes		65.000	—	—	—	—	0.13	0.13	0.13	0.13
Jam		0.530	1.98	—	—	—	9.40	2.40	2.30	2.30
Honey		0.100	—	—	—	—	14.00	9.00	9.00	9.00
Artificial honey		0.100	1.45	—	—	—	6.00	1.40	1.40	1.40
Sugar		6.300	1.12	1.12	1.12	1.12	12.00	3.00	3.00	3.00
Sweets		0.300	2.50	2.50	2.50	2.50	13.20	6.80	6.80	6.80
Coffee substitute		0.630	0.88	—	—	—	..	0.88	0.88	0.88
Coffee (roasted)		0.085	—	—	—	—	80.00	80.00	100.00	80.00
Beer (12%)	Litre	2.600	—	—	—	—	2.70	2.01	2.01	1.60
Brandy (40%)		0.130	—	—	—	—	35.30	13.20	13.20	13.20
Cigarettes	Each	65	—	—	—	—	0.30	0.24	0.24	0.20
Tobacco	50 gr.	1.8	—	—	—	—	3.00	2.25	2.25	2.00
2. *Clothing*		*Yearly*								
Men's suits	Each	0.7	98.00	—	—	—	275.00	185.00	175.00	155.00
Working suits		0.8	36.00	—	—	—	..	46.00	38.00	38.40
Trousers		0.4	42.00	—	—	—	72.00	62.00	58.00	50.00
Pullovers, men's		0.8	16.00	—	—	—	32.00	28.00	32.00	28.80
Pullovers, ladies'		1.1	36.00	—	—	—	105.00	55.00	38.00	30.00
Pullovers, boys'		0.5	17.50	—	—	—	32.00	17.50	18.00	15.60
Boys' suits		0.6	53.50	—	—	—	95.00	53.50	46.00	40.00
Dresses, ladies'		2.0	63.50	—	—	—	120.00	90.00	85.00	76.00
Dresses, girls'		1.9	35.00	—	—	—	60.00	21.50	24.00	21.50
Woven material for dresses	Metre	4.0	9.80	—	—	—	35.70	24.00	22.00	16.50
Blouses	Each	1.0	17.80	—	—	—	56.00	32.00	32.00	28.00
Overalls		3.0	23.30	—	—	—	49.00	28.00	25.00	20.00
Shirts, men's		1.9	18.00	18.40	18.00	—	59.00	40.00	42.00	36.00
Working shirts, men's		2.3	14.00	14.50	15.00	—	40.00	26.00	20.00	14.40
Undershirts, men's		3.4	6.50	7.20	9.80	—	18.00	16.00	18.00	14.00

Table LV *(continued)*

B. RATIONED AND FREE MARKET PRICES OF THE CONSTITUENTS OF THE COST OF LIVING IN EASTERN GERMANY, 1950–53

	Unit	Consumption of index family	PRICES IN DM (OST)							
			Ration				Free			
			Dec. 1950	Dec. 1951	Dec. 1952	Nov. 1953	Dec. 1950	Dec. 1951	Dec. 1952	Nov. 1953
2. *Clothing* (continued)										
ants, men's	Each	3.4	8.17	8.50	8.60	—	18.00	16.00	18.00	13.00
ants, boys'		1.8	3.20	3.20	3.15	—	10.00	8.00	6.65	4.50
ests, ladies'		5.9	3.25	3.75	3.75	—	14.50	8.00	9.00	6.00
ests, girls'		2.1	2.75	3.00	2.40	—	6.00	5.00	3.85	2.85
anties, ladies'		7.4	3.25	3.75	3.75	—	14.50	8.00	9.00	6.00
anties, girls'		0.9	2.75	3.00	3.00	—	6.00	5.00	3.85	2.70
ocks, men's	Pair	5.0	2.50	3.00	—	—	9.50	5.10	4.20	4.20
tockings		5.9	3.05	2.95	—	—	10.00	5.50	5.50	4.40
tockings, children's		2.9	2.40	2.40	—	—	6.00	3.60	3.00	2.70
ool for knitting	Kg.	1.0	..	—	—	—	140.00	97.00	90.00	90.00
ats, men's	Each	0.8	18.50	—	—	—	29.00	18.50	20.00	20.00
owels		6.5	2.24	—	—	—	15.50	7.50	7.50	6.50
itchen towels		4.2	..	—	—	—	10.50	5.60	5.60	4.80
eets		2.5	..	—	—	—	(40.00)	37.00	39.50	35.00
oes, leather, men's	Pair	1.0	28.50	30.00	28.00	—	118.00	110.00	105.00	105.00
oes, leather, ladies'		1.7	25.50	26.50	28.00	—	120.00	95.00	90.00	90.00
ots for work		0.8	..	—	—	—	101.00	77.00	70.00	56.00
ots, children's, large size		0.8	15.75	16.50	17.00	—	55.00	47.00	45.00	36.00
oes, children's, small size		0.2	11.00	12.00	12.00	—	44.00	36.00	36.00	27.60
aloshes		1.0	7.35	—	—	—	52.00	14.00	11.00	11.00
oling, men's shoes		2.0	10.00 [a]	10.00 [a]	10.00 [a]	—	24.00 [b]	24.00 [b]	24.00 [b]	24.00 [b]
oling, ladies' shoes		3.0	8.00 [a]	8.00 [a]	8.00 [a]	—	20.00 [b]	20.00 [b]	20.00 [b]	20.00 [b]
oling, children's shoes		3.0	6.00 [a]	4.00 [a]	6.00 [a]	—	8.00 [b]	8.00 [b]	10.00 [b]	10.00 [b]
ortfolio	Each	0.5	—	—	—	—	240.00	140.00	110.00	100.00
3. *Heat and light*		*Monthly*								
own-coal briquettes	50 kg.	1.30	1.92	1.92	1.92	1.92	9.30	7.50	7.50	7.50
as	M³	22	—	—	—	—	0.16	0.16	0.16	0.16
ectricity, flat rate	Month	1	—	—	—	—	2.00	2.00	2.00	1.50
ectricity, consumption	kWh	17	—	—	—	—	0.08	0.08	0.08	0.08
4. *Rent*	1	1	—	—	—	—	46.00	46.00	46.00	46.00
5. *Other*										
Hygiene and health										
Soap, toilet	100 gr.	2	0.45 [c]	—	—	—	2.80	2.25	2.25	1.25
Washing powder	250 gr.	4	0.42	—	—	—	..	0.42	0.42	0.42
Washing powder, fine		1	2.50	—	—	—	..	2.50	2.50	2.50
Tooth-paste	Tube	2	—	—	—	—	0.80	0.80	0.80	0.80
Hairdressing, ladies'		1	—	—	—	—	4.50	3.70	3.70	3.70
Haircutting, men's	Cut	1	—	—	—	—	1.25	0.90	0.90	0.90
Education and entertainment		*Monthly*								
Newspaper, daily	Copy	1	—	—	—	—	3.00	3.00	3.00	3.00
Postcards, local	Postage	6	—	—	—	—	0.10	0.10	0.10	0.10
Letters		6	—	—	—	—	0.24	0.24	0.24	0.24
Telephone calls, local	Charge	2	—	—	—	—	0.20	0.20	0.20	0.20
Radio	Licence	1	—	—	—	—	2.05	2.05	2.05	2.05
Household goods		*Yearly*								
Blanket	Each	1.0	—	—	—	—	14.00	14.00	14.00	10.70
Electric bulb (40 W.)		3.0	—	—	—	—	4.70	2.30	2.30	1.25
Alarm-clock		0.5	—	—	—	—	43.50	30.00	21.00	16.60
Transport		*Yearly*								
Tram fare	Ticket	250	—	—	—	—	0.20	0.20	0.20	0.20
Bicycles, men's	Each	0.3	—	—	—	—	300.00	255.00	255.00	232.00
Bicycle tyres, tubes	Set	0.3	—	—	—	—	72.00	72.00	72.00	72.00

Sources : See Appendix B.

ubber soles.

[b] Leather soles.

[c] From 1951 onwards, soap of this (inferior) quality is available without ration cards at the same price.

Table LV *(continued)*

C. PRICES OF SOME CONSTITUENTS OF THE COST OF LIVING IN HUNGARY, 1950–53

	Unit	Weekly consumption of index family	PRICE *(Forints)*		
			June 1950	December 1951[a]	September 1953
Standard bread	Kg.	7.70	1.60	2.80	2.40
Wheat flour		—	2.60	4.60	4.60
Rolls	Each	—	0.40	0.60	0.40
Beef	Kg.	0.50	7.80	20.50	20.50
Pork		1.00	14.90	26.40	26.40
Butter		0.10	23.50[b]	66.00	66.00
Bacon		0.10	21.00	49.00	49.00
Lard		0.80	17.00	35.00	35.00
Vegetable oil	Litre	—	13.00[c]	24.00	24.00
Milk		4.00	1.50[b]	3.60	3.60
Sugar, granulated	Kg.	1.00	6.00[b]	11.20	10.60
Eggs	Each	6	0.63[c]	1.40–2.40	..
Potatoes	Kg.	6.00	0.64[c]	1.60–4.00	1.60
Cabbages		1.00	0.68[b]	2.20–7.20	0.40
Men's suits	Each	1/104	598	1 000	850
Men's poplin shirts[d]		1/52	74	138	112
Children's shoes	Pair	1/52	56.50	103	73
Soap, household	Kg.	0.25	12[c]	24	20.50
Coal	Quintal	0.20	25.41	32.70	27.00

Sources : See Appendix B.

NOTE. — With the exception of seasonal products sold mainly on farm markets (eggs, potatoes, green vegetables, etc.), the State trade prices announced on 1 December 1951 were maintained for basic supplies in spite of a bad harvest in 1952. However, wheat flour and granulated sugar were reported to be in exceedingly short supply at the official prices. For some seasonal products, upper and lower price limits are given.

[a] Effective from 1 December 1951 for first six months of 1952.

[b] January 1950.

[c] June 1949.

[d] A lower quality was used in the official index.

Table LV *(concluded)*

D. RATIONED AND FREE MARKET PRICES OF THE CONSTITUENTS OF THE COST OF LIVING IN POLAND, 1950–53

	Unit	Yearly consumption of index family	Prices *(Zloty)*				
			December 1950	December 1952		January 1953	November 1953
			Free	Ration	Free	Free	Free
1. *Food*							
Rye bread,	Kg.	150.0	1.24	—	1.35	3.—	3.—
Wheat bread		13.0	1.85	—	1.80	3.80	3.40
Wheat flour		22.0	3.—	—	3.—	6.—	6.—
Barley groats		13.0	1.45	—	1.65	3.50	4.30
Rice (Patna)		2.2	18.—	—	22.50	30.—	30.—
Peas		4.5	2.01	—	2.60	5.50	5.50
Beans		2.0	2.45	—	8.—	13.—	13.—
Potatoes		190.0	0.36	—	1.—	1.40	1.40
Sauerkraut		20.0	1.44	—	1.80	4.—	4.—
Milk	Litre	50.0	1.55	—	2.—	2.50	2.50
Butter, lower-grade	Kg.	1.8	27.—	20.—	40.—	55.—	60.—
Cheese		3.0	16.20	—	27.—	27.—	27.—
Eggs	Each	89.0	0.90	—	1.80	2.20	2.20
Beef	Kg.	10.5	6.65	12.—	25.—	25.—	25.—
Pork		7.6	8.98	13.—	26.—	26.—	26.—
Veal		1.2	6.93	—	25.—	25.—	25.—
Pork sausage		3.4	11.04	—	30.—	30.—	30.—
Lard		6.0	12.26	12.25	35.—	35.—	35.—
Suet		2.5	15.10	—	50.—	50.—	50.—
Herrings	Each	44.0	0.80	—	1.—	1.20	1.14
Sugar	Kg.	21.0	5.25	5.25	15.—	15.—	13.—
Tea		0.15	140.—	—	250.—	300.—	285.—
Prunes		1.7	17.45	—	25.—	30.—	30.—
Salt		5.5	0.60	—	0.60	0.60	0.60
2. *Clothing*							
Cheviot, woollen cloth	Metre	1.5	150.—	—	300.—	360.—	288.—
Cretonne		3.2	13.—	—	25.—	30.—	24.—
Cotton cloth (Madepolam)		4.5	8.—	—	13.—	15.40	12.30
Men's shoes	Pair	0.45	160.—	—	200.—	252.—	252.—
Soling of men's shoes		2.0	60.—	—	80.—	80.—	76.—
3. *Heat and light*							
Coal	Kg.	293.0	0.09	—	0.45	0.30	0.27
Firewood		51.0	0.15	—	0.50	0.60	0.60
Kerosene	Litre	14.0	1.50	—	3.—	4.—	4.—
Electricity, flat rate	Month	3.048	1.80	—	1.80	2.54	2.54
Electricity, consumption	kWh	30.46					
Matches	Box	24.0	0.15	—	0.15	0.20	0.20
Soap, household	Kg.	3.4	15.—	12.—	20.—	20.—	17.50
4. *Rent*							
Rent, one room	Month	3.81	20.—	—	20.—	20.—	20.—
5. *Household goods*							
Enamel pots	Each	3.55	10.—	—	20.—	20.—	20.—
Glass		12.0	1.50	—	2.—	2.—	2.—
Cotton towels		3.0	15.—	—	25.—	25.—	25.—
6. *Other goods and services*							
Spirits (95%)	Litre	0.62	80.—	—	100.—	100.—	90.—
Cigarettes	Box of 20	41.0	3.—	—	3.—	3.—	3.—
School copy-books	Each	36.0	0.50	—	0.50	0.50	0.50
Newspaper	Copy	15.0	0.15	—	0.15	0.20	0.20
Theatre	Ticket	0.33	12.—	—	20.—	20.—	20.—
Cinema		1.3	4.—	—	5.—	5.—	5.—
Tram fare		25.0	0.45	—	0.45	0.45	0.45
Bus fare		15.0	0.60	—	0.75	0.75	0.75
Hairdressing	Cut	5.0	5.—	—	7.—	12.—	12.—

Sources: See Appendix B.

Appendix B

NOTES ON SOURCES AND METHODS

I. GENERAL

As in previous years, the statistics given should be regarded in the first place as basic documentation for the economic analysis made in the SURVEY. They are therefore somewhat different in nature from statistics normally published in statistical yearbooks and other publications of a purely statistical nature. First, when no official figures are available, it is often preferable to have an estimate rather than no figure at all. Consequently, estimated figures which have a wider margin of error than is usually allowed in statistical publications are sometimes shown in the various tables. In the second place, the available national statistics have, for the sake of comparability as between countries, often been adjusted to more uniform definitions. For this reason, the figures shown differ in many instances from those given in national publications, or in other publications of the United Nations and its specialized agencies. Finally, the methods of compilation have been chosen with a view to the special use for which the data are intended. This does not necessarily mean that for other purposes other methods might not have been preferable.

Where a table gives totals for a number of countries, these totals always refer to the same group of countries for each period shown. In cases where figures for a given country are not available for one or more periods, estimates of these missing figures are included in the totals. Except where otherwise stated, area totals include estimates for those countries for which no data are available, or assume that the series for the missing country moved in proportion to the average for the other countries.

Slight discrepancies between constituent items and the totals shown in the tables are due to rounding.

The tables include information received up to the end of December 1953. In general, the more recent figures are to be regarded as provisional, and subject to revision.

The notes on sources and methods given in this SURVEY should be regarded primarily as a continuation of those to be found in the previous one, *Economic Survey of Europe since the War*, Geneva, 1953, and subsequent issues of the *Economic Bulletin for Europe*, and where the sources and methods used are essentially the same, reference is made in these notes to the appropriate passages of Appendix B of that SURVEY. The present notes deal mainly, therefore, with new tables, changes in sources and methods for existing ones, and additional material used to bring them up to date.

Method of Reference to Sources

Sources used are referred to in a new way, which it is hoped will be found more convenient. In the first place, as will have been observed, wherever the sources for a table have been few and the methods used self-evident, the necessary references have been given under the table. All sources referred to in this Appendix are listed systematically at the end and are given a number, by which they are referred to in the succeeding notes.

Information on sources is given in the following order : first the department, institution, or other authority responsible for the publication (or in the case of books, the author) ; [1] where the site of the issuing authority is not the capital city, the place of issue is indicated, this being followed by the title of the publication ; the place of publication is then given, if different from the place of issue, and is followed by the mention of the publishing house (where different from the issuing authority) and (for non-periodical literature) the date of publication. Finally, for periodicals an indication is given of the frequency of publication. Such details are omitted when they are already apparent from the wording of the title (e.g., *Monthly Digest of Statistics* for periodicity, and *Maandschrift van het Centraal Bureau voor de Statistek* for both periodicity and issuing authority). The publisher is not normally mentioned for official publications. In addition to the foregoing exceptions, there were a few cases where full bibliographical detail was not known.

If no particular issue of a periodical is indicated, it is to be understood that various issues of it were used as a source for the statistics. If, for any country, the title of a publication is given in a language other than the national language of that country, it is to be understood that a translation of the publication exists in the language indicated or that the edition is largely bilingual.

---

[1] For newspapers and ordinary commercial periodicals, this information is not given.

II. INDUSTRIAL PRODUCTION (Tables 5, 80, 84, I, III–VIII, XL and XLIII–L and Charts 4 and 10)

INDEX NUMBERS OF INDUSTRIAL PRODUCTION BY SECTORS (Tables III–VIII)

Beginning with the present SURVEY, index numbers of production are shown (apart from total industry) for six sectors of industry : energy production, metal mining and metal making, metal-using industries, chemicals and allied industries, textiles, and food, beverages and tobacco industries. Each of these sectors is defined in terms of the International Standard Industrial Classification of all Economic Activities [1] and, as far as possible, data published in the individual countries are adjusted to the common definition. It is hoped that in due course the international comparability of the series given will be further improved.

The three sectors for which series have hitherto been published accounted for some 45 per cent of total industrial production in western Europe. The extension of the data to six sectors (including, with minor modifications, the previous three) increases the coverage to some 80 per cent. The scope of each sector is indicated in notes under the tables.

With the present SURVEY there is also inaugurated a table for total industrial production in eastern European countries, distinguishing, where possible, heavy and light industry (for the sake of convenience, series on employment are also added). The index numbers of industrial production of these countries are not strictly comparable with those of other European countries. Instead of a continuous monthly series, the eastern European countries publish quarterly or annual reports giving the gross output of industry as a percentage of the corresponding period of the previous year ; as a rule no revisions are published. Very little detail is known either of the component series of these index numbers or of the system of weighting. It is, however, known that the duplication inherent in the concepts of gross output, and also other factors, tend to make these index numbers rise faster than if they were calculated by methods employed in other countries.[2]

These qualifications apply less to individual sectors of industry and in the sector tables all European countries for which data are available are therefore shown together.

The component series of index numbers of industrial production have been combined, using the official weight of each series, to represent the following sectors, expressed in terms of the International Standard Industrial Classification of all Economic Activities. The major group number of the I.S.I.C. is given in parentheses :

Energy : Coal-mining (11) ; crude petroleum and natural gas (13) ; manufacture of products of petroleum and coal (32) ; electricity, gas and steam (51).

Metal mining and metal making : Metal mining (12) ; basic metal industries (34).

Metal-using industries : Manufacture of metal products, except machinery and transport equipment (35) ; manufacture of machinery, except electrical machinery (36) ; manufacture of electrical machinery, apparatus, appliances and supplies (37) ; manufacture of transport equipment (38).

Chemicals : Manufacture of chemicals and chemical products (31) including the manufacture of synthetic fibres and yarns.

Textiles : Manufacture of textiles (23) including the manufacture of synthetic fibres and yarns.

Food, beverages and tobacco industries : Food-manufacturing industries, except beverage industries (20) ; beverage industries (21) ; tobacco manufactures (22).

The following notes describe the sources and major adjustments made for each country :

Austria : 1.1. Index numbers for hard coal, brown coal and lignite have been calculated directly from physical output series. Those for chemical production, excluding rubber manufactures, have been received directly from the Austrian Statistical Office.

Belgium : 2.1.

Luxembourg : 14.1. Index numbers with base year 1947, and corrected for the number of working-days, have been used.

Denmark : 5.1.

Finland : 6.1. The index numbers for energy include water services, and those for metal-using include the manufacture of precision instruments.

France : The series of index numbers of production for the metal-using industries, which is regularly published by the I.N.S.E.E. in *7.1* suffers from serious defects. It is based on actual production in a few branches of the sector, and production in the rest of the sector is represented by a six-month moving average of apparent metal consumption. This procedure often gives misleading results because, first, it does not take account of variations in stocks of metal ; second, it unduly spreads the influence of seasonal or accidental short-term variations in metal consumption ; and third, it double-counts certain branches by taking into account both production by that branch and its consumption of metal. An alternative annual index has been calculated by the Ministry of Finance, and has a much fuller coverage : it is based predominantly on output series, including data derived from fiscal statistics. These figures are used for the annual index numbers in Table V (sources : *7.2* and *7.3*, and revisions communicated directly.) The quarterly figures shown, however, continue to be those issued by the I.N.S.E.E., and are subject to the qualification given above. The correction in the index for the metal-using industries has been incorporated in the index for the total industrial production of France, of which the metal-using sector accounts for about one-third.

---

[1] See United Nations : *Statistical Papers*, Series M, No. 4, October 1949.

[2] For the methods in general use, see United Nations : *Index Numbers of Industrial Production* (Statistical Papers, Series F, No. 1), 1950.

The index numbers of transport equipment are based upon the indices for " automobiles ", and " aéronautique " and a physical output series for " matériel ferroviaire ".

Saar : 20.1.

Western Germany : 9.2 (ii). The index numbers for chemicals include some production of synthetic petrol.

West Berlin : 9.4 and *9.5 (ii).* The index numbers for vehicles used in the calculation of the series for metal-using industries have been taken from the second source.

Greece : 10.1. The index numbers for metal-using industries include metal making.

Ireland : 12.1. For 1952 and 1953, electricity was taken to represent all public utilities.

Italy : 13.1. The sector index numbers have been calculated using weights received directly from the Italian Statistical Office.

Netherlands : 15.2. The index numbers for chemical production have been received directly from the Netherlands Statistical Office.

Norway : 16.1. For the energy sector index numbers of coal production have been calculated from published physical output series. The index numbers for production in the food, beverages and tobacco industries do not include the manufacture of tobacco.

Spain : 22.1. Index numbers are shown for selected sectors, but not for total industry, as the coverage and the weighting system are inadequate.

Sweden : 34.1. The index numbers of textile production have been taken from this source, since those received from the Sveriges Industriförbundet, which supplies all other index numbers, include the manufacture of clothing. The index numbers for metal-using industries, which are based upon man-hours worked, have been linked to annual ones (based upon output) supplied by the Kommerskollegium by applying the ratio of the output index to the man-hours worked index for 1951—the latest year for which the output index is available.

Turkey : 25.1.

United Kingdom : 26.1. Index numbers for metal mining have been received directly from the Central Statistical Office, and those for coal mining and coke-oven coke production have been based upon physical output series. The series for energy includes water services' output and that for chemicals includes the production of petroleum and petroleum products, normally treated as energy.

To take into account the changing position of Easter from year to year, the index numbers have, in most cases, been adjusted. For total production, the index number for the Easter month has been multiplied by 1.074. ;[1] for other series the relevant index number has been increased by 9 per cent, except for coke-oven coke production and metal making. This factor, which may be on the high side, has been derived from *26.9.*

Yugoslavia : 27.1. Detailed index numbers are published, but no weights to combine them are known, so that only chemicals and textiles could be taken.

INDEX NUMBERS OF GROSS OUTPUT AND INDUSTRIAL EMPLOYMENT IN EASTERN EUROPE AND THE SOVIET UNION (Table L)

Beginning with the present SURVEY, index numbers of production in heavy and light industries, or alternatively production of producer goods and consumer goods, are being shown.

The annual index numbers as originally published are percentage increases over the preceding year. All index numbers prior to and including 1951 have been taken from the sources indicated in *Economic Survey of Europe since the War*, page 322. For the more recent index numbers the following sources have been used :

Bulgaria : 3.2 (30 January 1953, 26 and 30 April, 24 July, 9 September, and 27 October 1953.

Czechoslovakia : 4.1 (30 January 1953, 21 April 1953, 28 July 1953 and 27 October 1953).

Eastern Germany : 8.1 (15 February 1953), and *8.4* (October 1953).

Hungary : 11.1 (20 January 1953, 12 and 17 April 1953, 19 July 1953 and 18 October 1953).

---

[1] See *London and Cambridge Economic Service* (prepared for *The Times Review of Industry*), December 1952.

Poland: *17.2* (29 January 1953, 21 July 1953 and 30 October 1953), *17.1* (22 April 1953) and *17.13* (No. 5, May 1953).

Rumania: *19.9* (23 January 1953) and *19.1* (19 April 1953, 19 July 1953, 25 October 1953).

Soviet Union: *21.1* (23 January 1953 and 17 July 1953).

INDEX NUMBERS OF INDUSTRIAL PRODUCTION ADJUSTED FOR SEASONAL VARIATIONS (Chart 4)

The sources are those employed for Appendix Table I. Building output is included in the index numbers for western Germany and the United Kingdom, but excluded for the Netherlands and Sweden, since no such index numbers are published for those countries. All index numbers are corrected for variations in the number of working-days in each month, but for the United Kingdom an adjustment was made to take account of the changing date of the Easter and Whitsun public holidays. This latter adjustment consisted of multiplying the index numbers for the months containing Easter and Whitsun by the ratios 24:22 and 24:23 respectively. All quarterly indices were then adjusted so that their averages conformed to the yearly level of production given by the annual index numbers.

The adjustments for seasonal variation were obtained by first calculating four quarterly moving averages—over the period 1948 to 1952 for the Netherlands and the United Kingdom and 1949 to 1952 for western Germany and Sweden—and then expressing the moving-average index numbers as a ratio of the corresponding original index numbers. The averages of these ratios, calculated for each quarter over the period considered and adjusted so as to sum to unity, were taken to represent the seasonal pattern. The following table shows the ratios finally used :

INDEX NUMBERS OF SEASONAL VARIATION IN INDUSTRIAL PRODUCTION

Average ratio of moving-average index number to the original, adjusted index number

Quarter	*Western Germany*	*Netherlands*	*Sweden*	*United Kingdom*
First	1.026	0.996	0.972	0.978
Second	1.005	1.000	0.958	0.969
Third	1.018	1.048	1.110	1.065
Fourth	0.950	0.956	0.961	0.988

The ratios obtained for the year 1950 in the Netherlands appeared abnormal and were excluded when calculating the average ratios.

The ratios finally obtained were then applied to the corresponding quarterly index numbers, so as to obtain the series adjusted for seasonal variations.

MINING PRODUCTION IN SOUTHERN EUROPE (Table 80)

The data shown do not represent precise measures of the level of mining production in different years ; they serve simply as an illustration of the trend in mining production over the period specified. The series of elementary index numbers have been calculated with the yearly average 1928–34 as base, from mineral output series taken from the following sources :

Turkey :	*25.3* (for the years 1939/40, 1941/42, 1951, and 1952) and *25.4* (Vol. 10, No. 2/34, 1945).
Greece :	*10.3*, *10.2* (April/June 1953), *30.5*.
Yugoslavia :	*27.2* (for the years 1930, 1932 and 1938/39), *27.3* and *27.1*.
Spain :	*22.3* (for the years 1935–38, 1942 and 1951) and *22.2* (year 1951).
Portugal :	*18.1* (for the years 1923 to 1951) and *18.5*.
Southern Italy :	Information obtained directly from Svimez and *13.3*.

For Turkey, Greece and Yugoslavia, no attempt has been made to adjust the data for territorial changes ; only in Yugoslavia were such changes of any importance.

Compilation of the Index Numbers

(a) *General*

As the aim of these series is to show the general trend of mining production in southern European countries and not the importance of the mining sector in the different national economies, it has been thought best in the case of coal to adopt standard relative calorific values when converting original data into hard-coal equivalent and for " other mining ", to use standard average prices with some adjustments as outlined below. Furthermore, since the value of mining output in national statistics may differ in coverage and concept from country to country, the method adopted leads to improved international comparability.

(b) *Coal-mining*

All output series have been expressed in terms of hard coal and then transformed into index numbers with base 1928–34. In most cases only two series were given—hard coal and anthracite on the one hand and lignite on the other ; three tons of lignite have been taken as equivalent to one ton of hard coal. For the special case of Yugoslavia, where three main types of coal are mined—hard coal, brown coal and lignite coal—two tons of brown coal and three of lignite coal have been taken as equivalent to one of hard coal.

(c) *Other mining*

As mentioned above, the prices used in the calculation of these index numbers are basically the same for any one mineral, whatever the country. They are averages, for the period 1928–30, of unit values of mineral imports into the United Kingdom, derived from *26.7*, or quotations of metal prices taken from *35.4* (1928, 1929, 1930). Table A shows these basic prices, indicating exporting countries where import unit values have been used, and the weights adopted to combine the series of elementary index numbers :

Table A

PRICES AND WEIGHTS USED IN THE CALCULATION OF INDEX NUMBERS OF MINING PRODUCTION IN SOUTHERN EUROPEAN COUNTRIES

Mineral ore	Average price in 1928-30 £ per long ton		Weights used (percentage share of the total value of output in 1928–34 at 1928–30 prices)					
			Turkey	Greece	Yugo-slavia	Spain	Portugal	Southern Italy
Antimony	35.0	Price quotations for metal	0.5	—	0.1	—	—	—
Bauxite	1.2	Imports from France	—	0.2	2.6	—	—	0.1
Chrome	4.2	Imports from all “ foreign ” countries	44.0	7.9	4.6	—	—	—
Copper	57.0	Imports of concentrates from Spain	0.4	—	36.7	38.1	—	—
Copper pyrites . .	57.0	Imports of concentrates	—	—	—		62.8	—
Iron	1.0	Imports from Spain	—	18.6	6.6	26.2	—	—
Iron pyrites	1.8	Imports from Spain	—	27.1	1.9	—	—	—
Lead	21.0	Price quotations for metal	—	27.3	—	13.7	—	15.0
Magnesite	2.2	Imports from Greece	—	15.9	—	—	—	—
Manganese	4.2	Imports from Spain	1.5	—	—	0.3	—	—
Mercury	600.0	Price quotations for metal	3.5	—	—	5.1	—	—
Tin	95.0	Imports from Spain	—	—	—	0.2	26.3	—
Tungsten	88.0	Imports from Portugal	—	—	—	0.1	10.9	—
Zinc	36.0	Price quotations for metal	—	3.0	—	15.9	—	55.6
Sulphur	4.0	Imports from Italy	—	—	—	0.4	—	29.3
Lead-zinc	..	Prices derived from those for lead and zinc	50.1	—	47.5	—	—	—
Total			100.0	100.0	100.0	100.0	100.0	100.0

In the estimation of the value of mineral output in 1928–34 for each country by means of these 1928–30 prices, the prices applied have been adjusted to take into consideration the varying metal content of the same ore. The average metal contents of ores in different countries have been taken from *35.3*, *28.1*, *29.1* and *27.3*.

Where metal price quotations have been taken, it has been assumed that they refer to 100 per cent metal content and the price has accordingly been reduced to take account of the average metal content of the ore for the country considered. In cases where unit values of the United Kingdom's imports from a specified country have been used, the price has been adjusted by the ratio of the average metal content in the producing country to that in the specified exporting country. With these adjusted prices, the mineral output for the years 1928–34 has been expressed in average 1928–30 prices and weights for the combination of the elementary series calculated.

Owing to lack of detailed data, it has not been possible to take account of changes in metal content of the same ore in any one country over the periods shown.

INDICES OF MANUFACTURING PRODUCTION (INCLUDING ELECTRICITY) IN SOUTHERN EUROPEAN COUNTRIES (Chart 10)

With the exceptions noted below, the data were taken from *30.1*, *30.4*, and *30.5* and national statistical yearbooks and bulletins.

Turkey : For years prior to 1938 : estimates of V. Eldem in an article “ Le Revenu national de la Turquie ” in *25.5* (No. 1–2, October 1947–January 1948).

Spain : *22.4* and *22.5*, the former providing the weights needed to remove mining from the index. Fish has also been excluded, as the production series was found to consist only of landed fish.

Portugal : Index formerly computed by the Research and Planning Division.

INDUSTRIAL PRODUCTION IN EASTERN EUROPEAN COUNTRIES (Tables XLIV–XLIX)

Bulgaria (Table XLIV)

The sources used were :

Law relating to the State Five-year Economic Plan of the Bulgarian People's Republic, 1949–1953, reported in *3.1* (18 January 1949).

Execution of the Two-year Plan for 1947–48, taken from *3.13* (Part II) pages 17–20, *3.4* (15 January and 25 February 1949 and 23 October 1950), *3.14*, *3.2* (7 February 1950, 22 March and 30 December 1951, 2 and 10 February, 30 April, 26 July and 31 October 1952, 30 January and 30 April 1953), *3.8* (13 October 1951, 16 September 1953), *30.5*, *3.11* (April 1951, September 1953), *3.10* (March 1946, April 1947, February and April 1948, and February 1949), *3.3* (13 June 1950 and 30 January 1951), *3.1* (No. 12, 18 January 1949), and *4.5* (No. 7–8, 1953).

The data are mainly based on plan results published by the State Planning Commission together with reports by Mr. Vylko Chervenkov in *3.2* (9 September 1953) and in *35.9* (11 September 1953).

Czechoslovakia (Table XLV)

The following sources were used : *4.12*, *4.9* (Nos. 28–29, 1948, pages 186–193), *4.8* (No. 1, 1950, pages 28–29), *4.14* (1953), *4.5* (1950–1953), *4.13* (pages 34–35), *4.7*, *30.5*, *4.1* (19 February 1950, 21 January, 27 February and 28 December 1951, 27 and 30 January, 23 April, 24 July, 26 October and 17 December 1952, 30 January, 26 and 29 February, 11 September and 6 October 1953 and 3 January 1954). Reports by the State Statistical Office on the fulfilment of the State Economic Plans were mostly used. Finally, a speech by Mr. Široký given in *4.1* (16 September 1953). An article by Mr. Dolansky in *35.9* (4 December 1953) and Mr. Zápotocký's speech reported in *4.1* (3 January 1954), were also referred to.

Eastern Germany (Table XLVI)

The sources used were *8.4* (February 1951), *8.2* (27 July 1950—"Der Fünfjahrplan 1951–55 zur Entwicklung der Volkswirtschaft der D.D.R.") and some unpublished material, based on official statistics of production in the different zones of occupation in Germany. From this last source, the 1936 production of the Soviet zone and the Soviet sector of Berlin was obtained. The second source gives 1950 production in relation to 1949, and the first the plan targets in absolute quantities and in relation to 1950.

Other sources used were *9.6*, *8.9*, *8.4* (Heft 10, 1953), *9.4*, *8.1* (8, 10 and 21 February, 30 April, 1 and 27 May, 2 November, and 19 December 1952, and 15 February 1953), *8.2* (8 and 22 February 1952), and *35.9* (2 October 1953).

Data were mostly obtained from the plan fulfilment reports of the State Planning Commission.

Poland (Table XLVIII)

17.11 and *17.9* were used for obtaining production in the pre-war territory in 1937. These sources were also used for deriving production in that part of the pre-war territory which continues to be under Polish administration. The pre-war production of the western territories was taken from unpublished memoranda based on German official statistics. *17.6* (1950, No. 1 and No. 3) gave data for 1938 mineral-oil production in the post-war territory and *17.3* (No. 17, 1948) gave data for sulphuric acid, caustic soda, rayon and staple fibres.

Data for 1947–53 were derived from reports by the State Commission for Economic Planning, in *17.4* (30 August 1950), *17.10*, *17.6*, (July–August 1951), *17.2* (24 January, 3 February, 23 April, 17 July, 5 December 1952 and 29 January 1953). *17.6* (No. 1, 1950, No. 7, 1952), *17.1* (22 April 1953), *17.7* (Nos. 1–12, 1953), *17.13* (May 1953) and *8.4* (No. 6 of 1953).

Hungary (Table XLVII)

The main sources used for the years up to 1950 were : *11.8* (pages 175-179), *11.9* (page 11), *11.1* (5 February 1950 and 23 January 1951), *11.13* (No. 12, 1947, pages 336–341), *11.3*, *11.2* (Part I, 20 May 1951—Act II of 1951 on the Revision of Act XXV of 1949).

The first source gives 1938 production in quantitative units and in 1947 plan prices. In the second, indices are published for industry totals and for main branches for the period 1947/48, the five-month plan periods of 1948 and for the whole year 1949. In the third, indices of production are given for 1949 in relation to 1938 and 1948. The figures for 1947 have been derived from *11.13* and *11.3*. *11.1* (23 January 1951) gives 1950 production in relation to 1949. Thereafter the following sources were used : *11.5*, *11.14*, *11.1* (21 October 1951, 13 and 20 January, 19 April, 18 July, 19 October and 30 November 1952, 20 January, 17 April, 4, 5 and 12 July and 18 October 1953), *35.9* (17 July 1953), and *35.5*.

The data are based on plan fulfilment reports by the Central Statistical Office and an important policy statement by M. Imre Nagy of 4 July 1953, as well as a resolution adopted by the Central Committee of the Hungarian Working People's Party on 31 October 1953.

Rumania (Table XLIX)

The sources used were :

19.6 (No. 1, 1948, pages 1–13 and 27–29), *19.2* (5 January, 14 February, 16, 18, 26 and 29 December 1950, 11 April, 11 July and 12 September 1953), *19.4* (28 May 1950, 16 December 1951, 5 August 1952, 16 September and 28 October 1953), *19.3* (15 January 1951 and 1 September 1953) "Le premier plan quinquennal de la RPR", *8.2* (12 June 1953), *19.10* (No. 1, 1944, page 9), *30 5*, *19.12* (28 July 1947 and 28 January 1948), *19.5* (February 1948, pages 20–21), *19.1* (24 July, 22 October and 7 December 1952, 23 January and 23 August 1953). *19.9* (1 February 1952, 23 January and 19 April 1953), and *35.9* (15 August 1952, 28 August and 6 November 1953).

Account was also taken of statements made by the Delegate of Rumania at the fifth and eighth sessions of the Economic Commission for Europe.

The data are mainly based on plan fulfilment reports of the State Planning Committee and the Central Statistical Board. Reference was also made to the speech by Mr. Gh. Gheorghiu-Dej in *19.1* (23 August 1953).

Production of Industrial Consumer Goods in the Soviet Union (Table XL)

Except where otherwise stated and except for data given in Table 17 of the last Survey, the sources used are *21.1* (25 and 28 October and 7 November 1953), and *21.2* (12 October 1952, 7–11 August and 11 and 15 November 1953). Where appropriate percentage increases shown in annual plan results have been applied. 1937 data are from *21.22* and ready-made clothing from *21.2* (10 October and 7 November 1952, and 7 August 1953), as well as from a Moscow radio broadcast of 7 August 1953. Sewing-machines in 1940 have been obtained by applying sales increases given in *21.1* (17 April 1951).

Production of Selected Industrial Commodities in Southern Europe per head of Total Population (Table 84)

Besides national statistical yearbooks and bulletins, the main sources used were *30.4*, *30.5*, *35.1*, *34.3*, *30.2* (for paper and wood) and *30.1*.

For southern Italy, estimates for raw sugar, cement, crude steel and electric energy were received directly from the appropriate departments. Other data on southern Italy are rough estimates from available information.

Production of the Soviet Foodstuffs Industry (Table XLIII)

Except for data given in Table 17 of the last Survey, the sources used are *21.1* (17 November 1952, 25, 26 and 30 October 1953), *21.2* (16 July and 8 August 1953), *21.6* (No. 4, 1952), *21.10* (No. 5, 1951), and *21.22*, applying annual plan results. Additional data on dairy produce have been taken from *21.3* (May, August and September, 1952), sugar from *21.2* (11 March 1951 and 6 October 1952), vitamins from *21.1* (17 April 1951), champagne from *21.2* (11 March 1951), and cosmetics from *21.8* (May 1953) and *21.14* (22 October 1953).

Production and Trade of the European Coal and Steel Community (Table 5)

The sources used for this table were :

35.6 (No. 2, first year), *35.7* (December 1953), *29.6* and *29.1* ; further information has been received directly from the High Authority of the European Coal and Steel Community.

In all cases where trade data between Belgium and Luxembourg and between France and the Saar were given separately, this trade has been eliminated, using information given in *29.6* and *29.1*.

Production of scrap is derived from consumption less net imports.

III. AGRICULTURE (Tables 21, 23, 24, 29, XLI, and XLII)

Sown Area in the Soviet Union (Table XLI)

Except as otherwise stated and except for data already given on page 338 of the last Survey, the sources used are the following :

1935 from *21.19* and *21.21*; 1937 and 1942 (Plan) from *21.18*, *21.20* and *21.22*; 1940 and 1945 from *21.23* and *21.26*; 1952 from *21.16* (No. 2–3, 1953, page 305); 1955 (Plan) from *21.2* (12 October 1952); Sovkhoz data from *21.5* (13 November 1952) and *21.12* (February 1952).

Wheat : 1950–53 from *21.1* (23 January and 17 July 1953) and *21.13* (7 August 1951); *all grain :* 1953 total from *21.2* (21 April 1953); *sugar-beet :* 1940 and 1953 from *21.1* (15 September 1953) and 1952 from *21.11* (September 1952); *flax :* 1953 less than 1940, taken from *21.1* (15 September 1953); *melons :* 1945, same increase applied as shown for other vegetables in *21.23*; *other vegetables :* 1953 from *21.1* (26 September 1953); *all fodder :* Sovkhozy from *21.24* (page 94); *sown area :* 1953 from *21.1* (15 September 1953); *improved area :* from *21.3* (7 March 1952), *21.7* (November 1952), and *21.12* (November 1952).

LIVESTOCK NUMBERS IN THE SOVIET UNION (Table 21)

Total numbers : 1916–53, taken from *21.2* (15 September 1953) (which also gave cow numbers for 1952), except for 1945; horses, from *21.2* (13 September 1953). 1951, 1952 and 1956 taken from Table 21 of the last SURVEY except for cows in 1951, taken from *21.1* (27 January 1951). 1954 from *21.1* (26 September 1953), which also gave 1953 ownership distribution.

Ownership groups : 1928 : *21.20*. 1941 : Collective farms from *21.27* (page 22); State farms from *21.2* (17 February 1953, except for cows (private cows in 1953 were 6.5 millions fewer than in 1940 and collective cows 2.8 billions more, according to *21.2* (15 September 1953), and State farm horses (approximate estimate). 1951 and 1952 obtained by working back from annual plan results, except for collective cattle in 1951 (from *21.1*, 17 April 1951) and 1951 State farm horses (plan data from *21.17*, column 834). 1953 : Collective cattle, sheep and goats from *21.2* (15 September 1953) and horses from *21.1* (23 January 1953); State livestock from *21.5* (3 January 1953).

DISPOSAL OF AGRICULTURAL PRODUCTS IN THE SOVIET UNION (Table XLII)

Except as otherwise stated, and except for data given in Table 19 of the last SURVEY, the sources used are as follows : 1937 and 1942 (Plan) from *21.22*; 1940, 1952, 1953 (provisional) and 1954 (Plan) from *21.1* (26 September 1953), *21.2* (8 August and 13 and 15 September 1953); and 1955 (Plan) from *21.2* (12 October 1952).

Meat : compulsory 1937 deliveries from *21.26* (page 219); 1950 from *21.2* (19 November 1953); 1940 production is estimated from animal weights and numbers and pork output given in *21.1* (15 September 1953).

Milk : 1950 contractual deliveries from *21.9* (May 1952); 1940–54 production from cow numbers and yield data.

Grain : 1937 gross production from *21.26* (page 219); 1940 commercial production from *21.23* (page 34); 1950 gross production from *21.25* (page 41).

Wheat : 1937 from *21.20* (page 60); 1940 and 1950 from *21.16* (No. 2–3, 1953, page 305), whence 1952 from increase over 1940 given in *21.2* (6 October 1952).

Eggs : 1953 contractual deliveries are given only for the second half-year, and so the first half-year has been calculated from monthly variations of laying rates.

Wool : 1950 deliveries estimated on basis of increases in sheep numbers two years earlier.

Sugar-beet : 1940 and 1952 deliveries from *21.2* (9 August 1953); *21.2* (6 October 1952) states that 1952 gross production exceeded 1951, though not by much, since procurements decreased (*cf. 21.11*, January 1953, page 1); 1953 gross production estimate given by Moscow radio, 4 September 1953.

Potatoes and vegetables : 1937–53 compulsory and contractual deliveries were taken from *21.12* (October 1953).

Fruit : 1951 deliveries were 42 per cent over 1940, according to *21.2* (12 October 1952) or 71,000 tons over 1940, according to Tass Agency broadcast of 7 December 1951.

Tobacco and makhorka : 1950, taken from *21.2* (12 October 1952).

Fodder : Estimates have been made from collective and State farm procurements for separate years and the proportion of different fodders in the total supply; total coarse fodder in 1940 and 1950 (Plan) is taken from *21.23* (page 108).

Cotton : 1940 and 1952 deliveries are from *21.2* (9 August 1953) and 1952 gross production from *21.2* (6 October 1952).

Silk cocoons : 1940 is from *21.23* (page 51), and 1950 from *21.2* (12 October 1952).

Tea : 1940 is taken from *21.2* (12 October 1952) (applied to 1951 output, taken from Tbilisi radio, 16 September 1952), 1950 from *21.4* (10 February 1951) and 1955 (Plan) from *21.2* (8 October 1952).

Skins : 1953 delivery quotas were applied to estimates of 250 million hectares of arable land and 78 million hectares of pasture, and total supplies were based on livestock numbers.

AVERAGE DELIVERY AND SELLING PRICES FOR LIVESTOCK PRODUCTS AND POTATOES IN THE SOVIET UNION (Table 23)

1953/54 procurement prices were taken from *21.1* (26 September 1953), increases over 1952/53 from *21.1* (13 September 1953) and *21.20* (October 1953, page 38), which also gives percentage of retail price represented by contractual prices in 1952 and 1953, whence retail prices were deduced and checked against application of the annual decreases in *21.1* (1 April 1952 and 1 April 1953) given in Table XXXV of the SURVEY for 1951. The comparison was as follows (1953 rouble prices) :

	Source 21.20 (Oct. 1953)	*Source 21.1 (April 1952 and April 1953)*
Beef (kg.)	13.00	12.62
Milk (litre)	1.98	2.23
Eggs (ten)	7.00	6.89

This confirmed that these last two sources could be used to derive potatoes and cream butter. Since these prices coincided with those observed at the International Economic Conference, Moscow (*cf. 21.15*, No. 3, 1953, page 232), this latter source was used for poultry, clarified butter and cheese. The pork price was derived from *21.20* (October 1953), which gave 51 per cent as the ratio of the 1952 contractual price to the retail price for all meat. Procurement prices (in live weight) have been converted from data supplied by the Food and Agriculture Organization as follows :

Ratio of retail weight (not boned) to live weight

Beef	0.43	Pork	0.55
Mutton	0.42	Poultry	0.88

Since the procurement prices, whence retail prices, based on these relationships suggest a retail price 15 per cent below that observed in *21.20* (October 1953), the pork-meat ratio has been reduced to 47 per cent, instead of the 55 per cent given (which is for American livestock). The 1953/54 potato procurement price is that for the zone corresponding to the retail-price zone, which includes Moscow. The 1953/54 price was between two and five times the 1952/53 price and has been put approximately for this zone at three times. The contractual potato price was deduced from the same source.

CASH RECEIPTS OF FARMS AND STATE RE-SALE MARGINS IN MEAT AND DAIRY FARMING IN THE SOVIET UNION (Table 24)

Delivery quantities of all carcass meat and milk and total production of pork have been taken from *21.1* (13 and 15 September 1953), distribution between compulsory and contractual deliveries being made *pro rata*. Price data are from Table 23, litres of milk converted to kilogrammes on the assumption that 1 litre = 0.858 kg.

MAIN CONSTITUENTS OF EASTERN EUROPEAN AGRICULTURAL OUTPUT (Table 29)

Bulgaria

Estimates of harvest results were based on the following sources : *3.5* (1942, pages 261–264), *3.7* (1952, page 89), *3.1* (18 January 1949), *3.2* (30 April 1953). For livestock the sources were : *3.5* (1941, page 254), *3.3* (31 October 1948), *3.1* (18 January 1949), *3.4* (23 September 1950), *3.2* (9 October 1953 and 2 December 1953). Figures for milk yields were taken from *3.12* (No. 2, 1951) and *3.2* (2 December 1953).

Czechoslovakia

Crop results for 1948 were taken from *4.3* (No. 178, 1949), and for later years from plan fulfilment reports. Livestock numbers for 1948 and 1949 were taken from *4.15* (No. 9, 1949); and *4.10* (19 February 1950); for 1950, 1951 and 1952 from *4.1* (25 February 1951, 27 January 1952 and 25 April 1953). Figures for milk yields up to 1949 were taken from the last SURVEY; for 1950 from *29.7* (Vol. 3, No. 2); for 1951–53 on the basis of the new planned target for 1954 given in *4.1* (19 December 1953) and data in *4.2* (20 June 1953).

Eastern Germany

Estimates for bread grain for 1948–51 were taken from the last SURVEY and those for coarse grain in 1948 and 1949 from *8.8*. For potatoes and sugar-beet, figures for 1948–50 were taken from the SURVEY for 1951 and for 1952 from *8.4* (October 1953). Livestock figures for 1948 were from *8.8*, for 1949 from *8.2* (15 June 1950), for 1950 from *8.2* (2 November 1951), for 1951 from *8.1* (21 February 1952), for 1952 from *8.1* (15 February 1953) and *9.6* (1953). Milk yields for 1948 and 1949 were taken from *31.3* and for 1950–52 from *8.2* (2 November 1951).

Hungary

Data for crops in 1934–38 and 1948 were taken from *11.8* (1948, page 172) and *11.3* (No. 8, 1948, page 471 and Nos. 4–5, 1949, pages 231). Crop data for 1949–51 were derived from statistics of sown area given in *11.4* (Nos. 1–2, page 105) and of yields given in *11.4* (1951, Nos. 1–2, page 116, and No. 3, page 249). Yields for 1949 were taken from plan fulfilment reports given in *11.9*. Data for bread grain in 1952 are based on the planned area given in *11.2* (1951, No. 124, page 839) and an assumption as to yields based on qualitative statements in *11.1* (11 May 1953). Other sown areas were assumed to be the same as in 1951 and yields were estimated from qualitative data. Estimates for 1953 were derived from *11.1* (23 and 30 December 1953). Livestock in 1938 were taken from *11.7* (1947, page 29); in 1948 from *11.8* (1948, page 44), *11.5* (1948, Nos. 1–6, page 35), *11.3* (1948, No. 5, page 251); in 1949 from *11.8* (1950, page 25); in 1950 from *11.3* (1950, No. 2, page 11); in 1951 and 1952 from *11.1* (14 September 1952) and *11.3* (1952, No. 2, page 15); in 1953 from *11.3* (1953, No. 2, page 7). Milk yields for 1938 and 1948 were taken from last year's SURVEY and for 1953 from *11.1* (25 October 1953 and 30 December 1953).

Poland

Harvest results for 1948 were derived from *17.10* (1949, page 62) ; for 1949 from *17.6* (1949, No. 24) ; for 1950 from *17.6* (1951, No. 2) ; for subsequent years from *17.2* (4 November 1953). For livestock the source for 1948 was *17.10* (1949, page 72) ; for 1949, *17.6* (1949, No. 24) ; for 1950, *17.5* (1952, No. 2, page 52) ; for 1951, *17.2* (26 January 1952) ; for 1952, *17.5* (1952, No. 9) ; for 1953, *17.3* (1953, No. 25). Milk yields for 1938 and for post-war years up to 1950 were taken from the last SURVEY and *29.7* (Vol. 3, No. 2). The source for 1952 and 1953 was *17.2* (18 August 1953 and 4 December 1953). 1951 was interpolated.

Rumania

Harvest results were taken from *19.6* (1 April 1948), *19.3* (1 January 1951), *19.4* (2 December 1951), *19.1* (24 May 1953) and livestock data are from *19.7* (1939–40, page 450), *19.5* (1948, Nos. 2 and 3), *19.3* (1 January 1951), *19.8* and *19.1* (31 December 1953).

* * *

The following adjustments have been made where official harvest data are understood to have been on a biological yield basis. Biological yield estimation was introduced in *Bulgaria* (for grain only) in 1950. Official data for 1950 and 1952 (2.3 and 2.5 million tons, respectively) have been adjusted to an approximate barn yield level. In *Czechoslovakia* biological yield estimation was not introduced until 1953. Biological yield estimation was introduced in *eastern Germany* in 1950, and subsequent crops have been adjusted to barn yield basis using the methods set out in the SURVEY for 1951, pages 223–4. Biological yield estimation was introduced in *Hungary* in 1950. The 1950 and 1951 crops have been adjusted to barn yield basis. The 1952 crop was estimated directly on a barn yield basis. The 1953 crop was officially reported upon what appears to be a barn yield basis. It is understood that there has been no change in crop estimation methods in *Poland*. Biological yield estimation was introduced in *Rumania* in 1951. The crop estimate quoted for 1952 was so rounded that no attempt has been made to adjust it.

IV. POPULATION, MANPOWER AND EMPLOYMENT (Tables 30, 33, 34, 83, 91 and II)

TOTAL POPULATION IN SOUTHERN EUROPEAN COUNTRIES (Table 91)

Data on the past development of population were taken from national censuses and/or information supplied by national statistical offices. The basic assumptions and the main sources for the forecast for 1980 were as follows :

For *Greece*, *10.6* gives estimates up to 1970, starting with a population in 1950 derived from the 1940 census. Projections for 1970 are given on three sets of assumptions about the birth and death rates : one based on a high birth and a low death rate ; one on a low birth and a high death rate and one based on a medium birth and death rate. This last projection was used. *10.5* gives a population distribution for 1950 and 1955 from which it was possible to derive a life table. This was used to calculate the numbers in the age group over 20 in 1970. The figures thus obtained tally with those of *10.6*, which in turn, has provided figures for the age group 0–20. Then a fertility rate was deduced which allowed the projection to be extended to 1980.

An article by J. Bourgeois-Pichat on " Perspectives sur les populations " in *7.4* (January–March 1953) gave forecasts for *Spain* and *Italy*. Those for *Spain* start from the population of 1950, which in turn is calculated from the 1940 census. Death rates are those of 1950. The fertility curve starts from the 1950–1952 level and shifts down to one implying a gross reproduction rate equal to unity around 1980, the figure suggested by the actually observed downward trend in the fertility rate. In *Italy*, the starting population for 1950 is virtually the same as that implied by the 1951 census. The 1950 death and birth rates are used subject to the assumption that by 1960 the abnormal effects of the war on birth rates will have disappeared.

Forecasts for *Italy* as a whole and *Southern Italy* on various assumptions are to be given in *13.5*. They are based on the 1931 population figures. Intermediate forecasts based on a medium birth and death rate have been retained in both cases. They assume a constant decline in birth and death rates up to the year 2000. In particular, the gross reproduction rate is assumed to fall from 2.16 in 1931 to 1.23 in 2001. For the *whole of Italy*, the percentage increase of the total population between 1950 and 1980 is given as 13 per cent and happens to be equal to that provided by Mr. Bourgeois-Pichat in spite of a difference of about two million people in the absolute figure for 1980, owing to the fact that Mr. Bourgeois-Pichat started from the actual 1950 population, whereas the Svimez estimate is based on the 1931 census.

Thus, a 13 per cent increase between 1950 and 1980 was finally adopted and applied to the actual 1951 census figures for Italy as a whole. (The 1980 age structure is practically the same in both sources.) Given the similarity in the two projections for Italy as a whole, it was thought reasonable to adopt for southern Italy the percentage increase provided by *13.5*—viz., 33 per cent between 1950 and 1980—and to apply it to the actual 1951 population figure (the age structure for southern Italy in 1980 given in *13.5* was also adopted). This gave, by difference, a percentage increase of 1 per cent for the population of northern Italy during the same period.

18.3 (for 1952) provided the census figure for the 1950 population of *Portugal.* A life table was deduced from *35.8* and applied to the 1950 figures in order to derive the number of people surviving in 1980.

In order to find the number of people born after 1950 and surviving in 1980, the fertility curve for the year 1950 given in *18.3* was applied after allowing for a downward shift similar to that assumed in *35.8.*

OCCUPATIONAL DISTRIBUTION OF ACTIVE POPULATION (Tables 33, 34 and 83)

The data on southern Europe for all three tables were derived from national censuses, supplemented by the following sources : for Italy and southern Italy *13.7* and *Informazioni Svimez* (22–29 July 1953); for Yugoslavia *27.5* and *35.1* (1953/34). In some instances, supplementary information was also received from national statistical offices.

For western and northern European countries, the figures are based on national censuses. For eastern Europe pre-war figures, taken from national and international sources, were adjusted to take account of territorial changes after the war. Post-war figures were taken in general from the last SURVEY, *q.v.*, for an extensive treatment of sources and methods.

INDEX NUMBERS OF EMPLOYMENT (Table II)

The index numbers are now of employment at the end of the quarter instead of averages of the beginning and end of quarters, previously given. The year 1950 has been adopted as a new base, and the average for that year calculated either from monthly or end-of-quarter data ; in the latter event, five months are taken, December 1949 and December 1950 each being given the weight of one-half.

The sources and methods used in deriving the new index numbers (and their coverage) remain the same as shown in last year's SURVEY, page 346, subject to the following changes :

Denmark : The adjustment for the seasonal contraction in the third quarter in the original index, based on number of man-hours worked, has been discontinued.

Finland : End-of-quarter figures are in fact those for the first two weeks of the following quarter. Hence, the strikes which occurred in September 1950 are not reflected in the 1950 average.

West Berlin : Taken from *9.9.*

Ireland : Index numbers are no longer based on the month of October, but on the average for the year 1950.

Norway : In order to calculate the average for the year 1950, an estimate was made of the employment in the first two months of that year.

Sweden : The index of employment officially communicated to the International Labour Office has been used.

Saar : Taken from *20.1* and *20.2.*

EMPLOYMENT IN CZECHOSLOVAKIA, HUNGARY AND POLAND (Table 30)

Czechoslovakia : *4.8* (No. 6, 1948, and No. 9, 1949) gave base figures for 1948 for mining and manufacturing, and subsequent annual increases have been taken from plan fulfilment reports. Building and construction employment in 1948 were also taken from *4.8* and to this figure was added the number of handicraftsmen in building, derived from *4.8* (1948, page 413). The figure for 1950 was taken from *4.6* (No. 34, 1950) and those for 1952 and 1953 were based on a statement of Mr. Zápotocký quoted in *4.1* (3 January 1954).

Hungary : *11.5* (January 1953) gave figures for the total number of wage-earners in 1951 and 1952 and the increase in the number of wage-earners in industry and building. The change in total wage-earners from 1949 to 1952 is given in *11.6* (February 1953). Since the number of wage-earners outside agriculture in 1951 was given in *11.1* (2 March 1952) the number of wage-earners in agriculture could be established. Employment in agriculture in 1952 was estimated on the basis of increases in State farms and machine and tractor stations. The series for wage-earners in mining and manufacturing are based on the yearly increases given by plan fulfilment reports for 1950–52, which were linked to data for earlier years. The number of wage-earners in building and construction in the years 1950–52 was communicated directly to the ECE Sub-Committee on Housing.

Poland : Employment in socialized industry in 1949, 1951 and 1952 was derived from plan fulfilment reports and *17.13* (No. 9, 1953). Employment in building and construction for 1949–51 was derived from plan fulfilment reports and for 1952 was communicated directly to the ECE Sub-Committee on Housing. Employment in the socialized economy outside agriculture was derived from plan fulfilment reports and the Six-year Economic Plan. Female employment was derived from *17.3* (1951, page 1284), *17.14* (23 September 1950), and *17.4* (No. 20, 1952).

V. WHOLESALE AND RETAIL PRICES (Tables 28, LI, LIV and LV)

INDEX NUMBERS OF WHOLESALE PRICES BY SECTORS (Table LI)

Beginning with the present SURVEY, index numbers of wholesale prices are shown for groups of commodities corresponding to the output of most of the sectors of industry for which index numbers of production are given in Tables III–VIII. It is hoped that in due course the number of groups will be increased, the correspondence between the production and price index numbers made closer, and the international comparability of the series improved.

The table on the general index of wholesale prices was discontinued some time ago, as the available series are not internationally comparable and are, in most countries, difficult to interpret.[1] Many of the objections, however, do not apply to index numbers relating to groups of commodities only.

For each sector, an " ideal " coverage was selected as close as possible to that chosen for the sector index numbers of industrial production (Tables III–VIII). Ideally :

Energy covers coal, coke, crude and refined petroleum, electricity and gas.

Metal making covers iron and steel products and non-ferrous metals from ingots up to semi-finished, and excludes engineering and the mining and treatment of ores.

Chemicals covers chemicals as such, crude and processed fertilizers and industrial fats and oils, and excludes rubber, synthetic yarns and fabrics and the following sources used :

Textiles covers raw materials and yarns and fabrics (of natural as well as synthetic fibres), but excludes clothing.

Food and beverages includes all stages of food and beverages production, but excludes tobacco and industrial fats and oils.

Because of lack of sufficient data, this ideal coverage could not always be achieved; for the different countries the following series have thus been taken and the following sources used:

Belgium : *2.2*—1936–38 weights. Energy : " combustible et énergie "; metal making : " métaux "; chemicals : " chimiques (ensemble) "; textiles : " textiles (ensemble) "; food and beverages : " prix alimentaires ".

Denmark : *5.1*—1935 weights. Chemicals : " kemiktekniske varer " and " godningsstoffer "; food and beverages : " vegetabilske levnedsmidler " and " animalske levnedsmidler ".

Finland : *6.1*—1935 weights. Chemicals : " kemisktekniska varor " and " gödningsmedel "; textiles : " spånadsämnen och textilvaror ".

France : *7.1*—1949 weights. Energy : " combustible et énergie "; metal making : " produits métallurgiques (ensemble) "; chemicals : " produits chimiques " and " corps gras industriels "; textiles : " textiles (ensemble) "; food and beverages : " produits alimentaires " less " aliments des animaux ".

Western Germany : *9.10* (No. 30)—1950 weights. Energy : " Kohlenbergbau ", " Erdölgewinnung " and " Energieerzeugung "; metal making : " Eisen und Stahl " and " N.E. Metallindustrie "; chemicals : " Chemie einschl. Kohlenwertstoffe "; textiles : " Textil (insgesamt) "; food and beverages : " Nahrungs- und Genussmittelindustrien, ausschl. Tabakverarbeitung ".

Ireland : *12.1*—1936–38 weights. Chemicals : " chemicals ".

Italy : *13.1*—1938 weights. Metal making : " rottami metallici ", " prodotti siderurgici " and " metalli non ferrosi "; chemicals : " materie prime e prodotti chimici "; textiles : " materie prime e prodotti tessili "; food and beverages : " derrate alimentari ".

Netherlands : *15.2*—1948 weights. Energy : " hulpstoffen "; metal making : " grondstoffen voor metaalwaren "; chemicals : " afgewerkte chemische producten ".

Norway : *16.1*—1934–36 weights. Chemicals : " kjemiske og tekniskevarer ".

Sweden : *23.10*—1935 weights. Metal making : " Tackjärn och ferrolegeringar ", " övriga metaller ", " mellanprodukter av järn "; chemicals : " kemik-tekniska varor ", and " gödselmedel "; textiles : " spånadsämnen ", " garner " and " vävnader ".

---

[1] Cf. *Report of the Third Regional Meeting of European Statisticians*, United Nations document E/CN.3/CONF.3/1, 24 June 1953, obtainable from the Distribution Section, European Office of the United Nations, Geneva.

Index Numbers of the Cost of Living in Four Eastern European Countries (Tables 28 and LV)

The index numbers are in general based on quantities and prices, both ration and free market, of the constituents of the average budgets of workers' families, details of which are given in Table LV.

Czechoslovakia

A complete list of weights and average prices for the family budget in 1937 is given in *4.4* (1938, No. 4–5, pages 24–26); a more detailed description of this index appears in *4.4* (1931, No. 34–36, pages 215–222). Prices and quantities for the ration in 1950–53 were taken from *4.11* and *4.1*.

Eastern Germany

Since no official cost-of-living index is published, the level and pattern of expenditure of a worker's family in West Berlin was taken as the basis of computation (see *9.9*, 1951, page 110). The prices for 1938 are Berlin retail prices. The prices for post-war years are taken from *8.5* (1950 to 1953), *8.3*, *8.4*, *8.6*, *8.2* (30 March 1950 and 25 May 1950), and *8.1*, except for clothing, for which prices were collected in East Berlin by the Deutches Institut für Wirtschaftsforschung. It was assumed that the family received two food ration cards for workers (Group "B"), one basic ration card (Group "6") and one card for children between 6 and 9 years old (Group " IVB "); off-ration expenditure was obtained as a residual. For clothing it was assumed that, in 1950, the family had two cards of Group " C " and two cards of Group " E " (total amount 360 points, which were spread over the different commodities using point-values given in the official catalogue). For 1951–52, it was assumed that two cards with 40 points and two cards with 30 points were available for each year. In the group " heat and light ", brown-coal briquettes were substituted for hard coal (in the proportion 1.5 : 1) as hard coal has not been available for private consumption in eastern Germany since the war, and it was assumed that families received their official ration. 91 per cent of the group " heat and light " could be computed directly, and it was assumed that the cost of the remaining 9 per cent moved similarly. The fall in the index after the war is due to a reduction in the prices of electric current from 20 to 8 Pfennig per kWh. In the group " Other ", the sub-groups of hygiene and health, education and entertainment, as well as transportation, were computed, but, prices being available for only 66 per cent, 41 per cent and 63 per cent of these sub-groups respectively, it was assumed that prices of the other items moved similarly to those of the items available. For the sub-group " household goods ", price quotations for only three items out of 29 of the 1938 basket were available for post-war years (equivalent to roughly 10–15 per cent of budget expenditure).

Hungary

The family budget was taken from *11.5* (1949, No. 1, pages 34–35). Complete series up to June 1949 are given in *11.3* (1949, No. 7, page 320). Subsequent price quotations were taken mainly from *11.1*, *11.6* and *11.3*. Further information was derived from the Resolutions of the Council of Ministers of the Hungarian People's Republic and of the Central Committee of the Hungarian Working People's Party of 2 December 1951 and 6 September 1953. However, only a relatively small proportion of the basket's items could be covered by direct price quotations for clothing and household goods, and other items in these two groups were assumed to follow the prices known.

Poland

The budget refers to workers' consumption in 1927–28 in Warsaw, Lodz, Dabrowa Basin and Upper Silesia—that is, in towns and districts which were and still are the main industrial centres of Poland. For detailed description, see *17.8 (1931, Tom III, Fascicule 4)*, and *17.6* (Special Volume III, 1947). Officially published retail prices were taken from *17.2* and *17.1*.

Retail Prices in Bulgaria and Rumania (Table LIV)

Bulgaria

The following sources were used : *3.3* (18 March 1950, 18 June 1950 and 30 December 1950; February 1951); *3.11* (April 1951, April 1952, March 1953); *3.2* (February 1951, 2 April 1951, 30 May 1951); *3.1* (13 February 1950, 2 March 1950, 15 April 1950, 8 June 1950, 23 October 1950) ; *3.12* (9 January 1951, 16 January 1951, 5 June 1951, 19 June 1951); *3.8* (7 August 1952, 8 September 1952, 20 August 1953).

Rumania

19.9 (28 January 1952); *19.4* (15 April 1951, 12 August 1951, 17 February 1952); *19.1* (2 February 1951, 23 October 1951, 1 February 1952, 11 September 1952, 7 July 1953).

VI. NATIONAL PRODUCT AND RESOURCE ALLOCATION (Tables 15–19, 25, Charts 5–7)

Structure of Production and Demand (Chart 5)

The shares of personal consumption, Government consumption, gross capital formation and imports and exports in the value of total resources were taken from *9.1* (April and September 1953), *15.3*, *23.4*, *26.3* and *26.4*. Stock appreciation was excluded throughout. As indicated in the text of Chapter 2, invisible imports and exports were treated on a highly net basis. In particular, international transport operations were taken net and added to visible exports, if positive, or to visible imports (f.o.b.) if negative. Detailed data for invisible transactions were taken from *9.3* (August 1953), *15.3*, *26.5*, and for Sweden from unpublished material. There was a special problem in the treatment of western Germany, in that the foreign trade statistics treat west Berlin as an integral part of the Federal Area while the national accounts do not. To correct for this inconsistency, the net exports of western Germany to west Berlin were added to its total visible exports as given in the foreign trade statistics.

As further indicated in the text of Chapter 2, the distribution of the four kinds of cost between the four kinds of expenditure is rough, and the results can be taken to indicate orders of magnitude only. *Indirect taxes and subsidies* were defined as in the national accounts of each country, as also were *imports* (f.o.b.), subject to the qualifications given in the previous paragraph. *Services* were defined so as to approximate as closely as possible to the following groups of the United Kingdom Standard Industrial Classification (Table 11 of *26.4*) : transport and communications, distributive trades, insurance, banking and finance (including real estate), other services, public administration and defence, public health and educational services, ownership of dwellings, domestic services to households and services to private non-profit-making bodies. *Commodity-producing industry* includes all other income-generating activities.

The cost analysis was made for a greater number of kinds of expenditure than the four shown in the chart. For *personal consumption*, the analysis followed, in principle, the detailed classification given in the national accounts of each country, but in practice some grouping of classes was necessary. *Gross capital formation* was divided into expenditure on building, on plant and machinery and on physical additions to stocks. The division could be made without difficulty, except for Sweden, where an arbitrary assumption had to be made as to the share of building and equipment in " military investment." In the Netherlands, a more detailed classification into building, engineering products, other goods and imported products was provided by the Netherlands Central Bureau of Statistics. *Government consumption* was divided into wages and salaries, overseas expenditure and purchases of goods and services from other industries. A more detailed classification for the Netherlands was supplied by the Central Bureau of Statistics. In western Germany, occupation costs were treated as a separate class of expenditure. The standard classification for *exports* was into metal goods, textiles, food, other consumer goods, raw and semi-finished goods and invisibles, but there were some deviations from this classification—particularly in Sweden.

For each country, the call on commodity-producing industry of each kind of expenditure was obtained as a residual after the indirect tax, import and service contents had been individually determined.

The distribution of *net indirect taxes* between different kinds of expenditure was given directly for the United Kingdom in *26.3* and *26.4*. For the Netherlands, the Central Bureau of Statistics provided estimates of the ratio of domestic factor cost to expenditure at market prices for each class of expenditure; import contents were determined as described below and indirect tax contents could then be found as residuals. For Sweden, *23.4* provided a link between the calendar year national accounts data and budgetary data for fiscal years. The composition of indirect taxes and subsidies was given in sufficient detail in *23.5* and *23.6* for their distribution between expenditure classes to be made with some confidence. Particular difficulties arose with the car and petrol duties and the real estate tax, and only rough estimates could be made. The biggest problems arose in the case of western Germany. About one-half of total indirect taxes, details of which are specified in *9.6*, fall on commodities whose uses are sufficiently specific to make allocation between different kinds of expenditure relatively easy. The contribution to total receipts from turnover tax of different branches of distribution was calculated by applying the known rates of tax to the data for turnover in these branches given in *9.2(i)*. Allocation of the remainder of turnover tax payments between the different classes of expenditure involved estimating, first, the payments made by each branch of industry and, second, the distribution of the output of each branch between different classes of final expenditure. To deal with the second problem, partial information was supplemented by analogy with other countries. The first problem was approached from two angles, both of which gave broadly similar results : data on the industrial analysis of the incidence of turnover tax in 1935, given in *9.7*, were extrapolated to 1952, and the results of this extrapolation were checked against estimates directly arrived at by applying the known rates of turnover tax to the turnover figures for different industries given in *9.2(i)*, allowance being made for the compensation for turnover tax on exports. Similar procedures were adopted for the trade and real estate taxes.

Imports : As already stated, imports were taken on an f.o.b. basis, except for western Germany, where, the international transport account being in deficit, the net deficit was distributed proportionately over imports according to their f.o.b. values.

The general procedure was to divide imports into two groups : first, finished goods, and, second, raw materials, fuel and semi-finished goods. Except for a few non-specific commodities, the distribution of the first group between the different kinds of expenditure presented few difficulties. *15.3* gave a detailed analysis of imports of finished consumer goods into the Netherlands and, as already noted, direct information was supplied on imports of final products by the Government and on investment account.

The industrial destination of a considerable number of imports in the second group was sufficiently specific to create few difficulties; for example, fertilizers, raw and semi-processed food and feeding-stuffs were obviously destined for the agriculture and food industries; textile fibres for the textile and clothing industries; metals for the metal industries. Given estimates of the gross value (free of duplication) of the outputs of such industries, the average directly identifiable import contents could then be calculated. The distribution of output was then compiled for the different industries, it being assumed that the import content did not vary with the destination of output. *26.3*, *26.4*, and an article by T. Barna in *26.8* (Part 1, 1952) entitled " The Interdependence of the British Economy " were major sources for the United Kingdom; for the Netherlands *15.1* (third quarter 1952), provided estimates of the cumulative import contents of the output of the different industries. Information on the destination of output was much less complete for western Germany and Sweden and considerable use was made of analogy with the other two countries.

On the average, about 20 per cent of imports could not be distributed by the methods described above, and so had to be apportioned between the different kinds of expenditure (other than Government expenditure on wages and salaries and Government and personal expenditure abroad) in proportion to factor cost.

For services, separate estimates were made of the distribution by types of expenditure of retail trade, wholesale trade, transport and communications, services to persons and households, and other services.

Official data on the net output of retail trade were directly available in the national accounts for all countries except Sweden and an estimate could be made for the latter from data given in an article by C. Leissner in *23.2* (April 1952) entitled " Industri och handelsföretagens intäkter, kostnader och vinster ar 1950 ". It was assumed, for this as for all other services, that the ratio of gross output to net output did not vary with the destination of output. For the Netherlands, Sweden and the United Kingdom the net output of retail trade was distributed between different types of consumer expenditure on the basis of data in *15.3*, *26.6* and Leissner, *op. cit*. For western Germany, however, no detail was available and, from this point on, the analysis of the cost structure of consumer expenditure had to be carried on in terms of two groups only—services and goods—the whole of the net output of retailing being attributed to the latter.

Broadly, similar procedures were followed for wholesale trade. For transport and communications only that part of output which is sold directly to consumers could in general be attributed directly, and similarly with other services. The total of services not yet assigned was then distributed between the different classes of expenditure in proportion to the provisional estimates of the share of commodity-producing industry in each class. For the United Kingdom, however, the distribution of the total output of services between different industries and the four main classes of final expenditure was known from *26.3* and *26.4* and even more detailed information for the Netherlands was available in the input-output table in *15.3*. The results for these two countries were used as a check on the mechanical procedure described above.

Two further adjustments had to be made to the data for western Germany. First, depreciation had to be distributed between services and industry : this was done by analogy with the Netherlands and the United Kingdom. Second, the net output of handicrafts was distributed between services and industry on the basis of a detailed analysis of handicrafts in *9.6*.

EFFECTS ON NATIONAL PRODUCT OF CHANGES IN OUTPUT–GENERATING EXPENDITURE, 1948–1952 (Chart 6)

Data on expenditure at constant prices were taken from *9.1* (April and September 1953), *15.1*, *23.4*, *23.5*, *23.6*, *26.3* and *26.4*, except for exports, specialy calculated from national trade statistics and Swedish stocks data for 1951 and 1952 which were increased on the basis of alternative official calculations for 1951. The component series within the four main classes of expenditure were combined, using weights proportional to domestic factor cost. In the special case of western Germany, an attempt was made to avoid, if only partially, the incongruity of applying the results of a cost analysis for 1952 at current prices to expenditure data at 1936 prices. The weights used were proportionate to the percentage distribution of domestic product in 1952, multiplied by the ratio of expenditures in 1952 and 1936 prices.

EFFECTS ON INDUSTRIAL PRODUCTION OF CHANGES IN THE EXPENDITURES WHICH GENERATE IT (Chart 7)

In order to establish comparability between the index numbers of " commodity-output-generating expenditure " and those for industrial production, the net outputs of certain other industries had to be excluded from commodity-producing industry as defined in Chart 5. The main industries excluded were agriculture, forestry and fishing (in all four countries), building in Sweden and the Netherlands, and commodity-producing handicrafts (in western Germany). Since the net outputs and their distribution were known for agriculture, forestry and fishing, their exclusion was relatively simple. For the Netherlands, there was excluded only that part of the net output of the building industry which enters into gross capital formation. Estimates of the distribution of commodity-producing handicrafts in western Germany were derived from *9.6*.

The weights used to combine the component series into the four index numbers shown in the chart were proportionate to the distribution of the net output of industry between the different elements.

Since, except in the case of the United Kingdom, the year for which the cost analysis was made differed from the base year used in this chart, an adjustment to the weights was necessary ; the weights derived for the year of analysis were multiplied by the corresponding index numbers of expenditure at constant 1948 prices (1949 for western Germany) with the cost analysis year as base. They do not, therefore, take account of changes in relative prices between 1948 and the year for which the cost analysis was made.

The index numbers of industrial production were taken from the same sources as those used for Chart 4 and Table I.

NATIONAL PRODUCT, PERSONAL EXPENDITURE AND TAXATION (Tables 15–19)

The sources for all five tables were *9.1* (April and September 1953), *15.1*, *23.4*, *23.5*, *23.6*, *26.3* and *26.4*.

Official Index Numbers of National Income and Gross Industrial Production in Eastern Europe (Table 25)

For all countries, data on the gross output of industry are taken from official plan fulfilment reports.

Bulgaria : The plan targets were taken from *3.1* (18 January 1949). Actual changes in national income for 1949 and 1952 were computed from indices of industrial and agricultural output in *3.2* (9 September 1953). The increase for 1950 was from *3.16* (15 February 1951). *3.15* (No. 2, 1953) gave rounded data for 1949, 1951 and 1952. Data on the 1953 plan were taken from *3.2* (13 December 1953). The planned share of investment in national income for 1949 is given in *3.10* (No. 2, 1949). The 1953 industrial plan was taken from *3.4* (No. 1, 1953) and that for heavy industry from information broadcast by Sofia radio on 3 February 1953. Plan results for industry from 1949-1952 were taken from *3.2* (30 January 1953).

Czechoslovakia : Original target national income is from *4.7* and revised target from *4.1* (27 February 1951). Realized national income for 1948 to 1951 is from *4.3* (1 January 1952) and *4.1* (27 January 1952), for 1952 from the yearly plan fulfilment report and for 1953 an estimate on the basis of increases in agricultural and industrial production. Gross investment for 1949 to 1951 is from *4.3* (1 January 1952), for 1952 from *4.1* (23 December 1953), and for 1953 it is an estimate on the basis of the original plan given in *4.1* (17 December 1952) and the revised plan in *4.1* (16 September 1953). Investment for 1954 is the same as in 1953 in money terms. The share of producer goods in total output is taken from *4.1* (16 September 1953).

Eastern Germany : The average annual increase in national income provided for in the Five-year Plan is given in *8.5* (1 November 1951). That for 1953 is taken from *8.4* (February 1953). Figures for all other years have been estimated from indices of industrial and agricultural output. The figures for investment refer to State fixed investment and are taken from plan fulfilment reports, except for 1953, which was taken from *8.4* (February 1953). " Other items " consist of reparations, occupation costs and, in 1952, the equipment of the " Volkspolizei " ; these items have been estimated from annual budgets. Small corrections to the data for the output of industry in 1951 and 1952 were taken from *8.4* (October 1953). The original and revised plan figures for industrial output in 1953 were taken from *8.4* (February and October 1953). Data on heavy and light industry output were derived from *8.4* (October 1953).

Hungary : The plan target for national income is taken from *11.2* (20 May 1951), realized national income for 1950 from *11.10*, for 1951 from *11.5* (No. 1, 1952) and for 1952 from *11.5* (No. 1, 1953). Data on investment is from *11.9* (page 55). Reparations and defence expenditure in 1950 and 1951 were taken from the budget of those years corrected for price changes in investment goods. The total share of investment in 1950 and 1951 was given in *11.5* (No. 1, 1952) and that for 1952 in *11.5* (No. 1, 1953). Consumption figures for 1953 and the plan for 1954 were indicated in a speech by Mr. Rakosi of 31 October 1953.

Poland : The target national income for 1955 was taken from the Six-year Economic Plan. Realized income in 1949 for 1950 to 1952 is from plan fulfilment reports and for 1953 from *17.2* (6 November 1953). The estimate of investment in 1949 is from *17.12* and those for 1950 to 1953 from *17.2* (6 November 1953). The plan for 1954 and 1955 is from *17.2* (4 December 1953). The outputs of producer and consumer goods from 1950 to 1952 are from *17.13* (No. 5, 1953) and the plan for 1954 and 1955 from *17.2* (4 December 1953).

Rumania : The Plan targets are taken from *19.3* (1 January 1951), and the planned increase in national income in 1953 from *19.1* (7 December 1952). The 1952 Plan for industry was taken from *19.1* (3 January 1952) and that for 1953 (heavy and light) from *19.1* (7 December 1952).

VII. INTERNATIONAL TRADE AND PAYMENTS (Tables 8, 10, 14, XVII and XIX–XXXIX, and Chart 3)

Imports of Fourteen Commodities into Selected Western European Countries by Area of Origin (Tables 8 and XXV–XXXVIII)

Country and Commodity Coverage

Data in quantities and current values were taken from *30.2*, *34.2 (iv)* and national trade statistics.

In principle, commodities are defined in terms of the Standard International Trade Classification as specified below; however, figures taken directly from national statistics may differ slightly from those given in S.I.T.C. sources.

Commodity	*S.I.T.C. definition and code*	
Wheat	Wheat and spelt (including meslin), unmilled	group 041
Maize	Maize (corn), unmilled	group 044
Sugar	Sugar : beet and cane sugar	group 061
Tobacco	Tobacco, unmanufactured	group 121
Oil-seeds	Oil-seeds, oil nuts and oil kernels	group 221
Rubber	Crude rubber, including synthetic and reclaimed	group 231

Commodity	*S.I.T.C. definition and code*	
Timber	Wood in the round or roughly squared, wood shaped or simply worked	groups 242 and 243
Woodpulp	Pulp and waste paper	group 251
Wool	Sheep's and lamb's wool, greasy or back washed, scoured, whether or not bleached or dyed	items 262-01 and 02
Cotton	Cotton, including linters, waste, carded and combed	group 263
Crude petroleum	Petroleum, crude and partly refined	group 312
Refined petroleum	Petroleum products	group 313
Fats and oils	Animal and vegetable oils and fats	Section 4
Copper	Copper and alloys, not refined and refined, unwrought	Item 682-01

Figures refer to special imports, except for the United Kingdom (general imports). Quantities are given for the actual weight of each article included in the commodity group; no conversion factors have been used.

Areas of origin are those given in Table XXIII (for their country coverage, see *Economic Survey of Europe since the War*, pages 366-367), except for " Latin America " (where dollar countries are excluded) and " other overseas countries " (which exclude the Philippines). When O.E.E.C. sources were used, these exclusions were made as far as the figures were specified individually for each of the dollar countries in South America (Bolivia, Colombia, Ecuador and Venezuela) and for the Philippines.

Conversion into January–June 1953 prices

Typical prices were computed from values at current prices and quantities of imports from each area, given in Tables XXV to XXXVIII, no distinction being made by importing country. For commodities where no quantities were available, the following unit-value indices were applied to current values :

Timber : Unit-value indices officially published by the United Kingdom, and unit-value indices (derived from volume and current value indices) for France and western Germany, have been combined and then applied to values of imports from all areas of origin.

Refined petroleum : Unit-value indices of imports of crude petroleum from each area were computed from Table XXXV and applied to current values of imports of refined petroleum from the same area.

Fats and oils : Unit-value indices derived from volume and current value indices, officially published both by France and western Germany, were combined and then applied to current values of imports from all areas of origin.

Index Numbers of the Volume of Imports and Exports of Fifteen European Countries (Table XXI)[1]

Italy : New series of the Laspeyres type.

Spain : 22.1. Q_1 original base 1948.

Index Numbers of Unit Values for Total Imports and Exports (Table XIX)[1]

Finland : P_1 original base 1935, published in *6.2.*

Italy : new series for unit values of imports and exports (Laspeyres type) and for terms of trade (Pasche type).

Spain : 22.1. Q_1 original base 1948.

Index Numbers of the Volume of Imports and Exports and their Unit values, for Major Commodity Groups (Tables XX and XXII)[1]

Imports : Raw materials for western Germany includes: raw materials; semi-products.

Exports : Textiles for western Germany (derived) includes: yarns; tissues; clothing. Finished engineering products (derived) includes: machinery; vehicles.

Wood products are excluded from "all manufactures" in the case of Sweden.

Intra-trade of O.E.E.C. Countries and their Industrial Production (Chart 3)

Current values were taken from *34.2(i)* and were deflated by using unit-value indices resulting from the combination of series given in Table 1 of the Survey for 1951, Table XV of the last Survey, and Table 1 of *34.2(i)*.

Imports and Exports of Eighteen European Countries and the United States (Tables XXIII and XXIV)

As compared with previous issues of these tables, the composition of areas of origin and destination has been slightly revised : Jordan and Libya have been deducted from " other overseas countries " and included in " overseas sterling area ".

---

[1] In general, the sources and methods for the index numbers are those given in *Economic Survey of Europe since the War*, pages 368–371.

France : Non-monetary gold (item No. 16-24 in the French nomenclature) is included in the French trade statistics and in Appendix Tables XXIII and XXIV. However, in certain areas distinguished in the tables, imports of such gold from the Union of South Africa and exports to Switzerland have assumed proportions which seriously distort the figures. French exports of non-monetary gold to Switzerland, for instance, have amounted to as much as 30 per cent of the total exports to Group II, given in Table XXIII. The quarterly figures for gold shipments in the period shown are as follows (millions of current dollars) :

French Imports and Exports of Non-monetary Gold

	1952			1953		
	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
Total imports	57.6	48.6	55.6	49.2	71.1	57.0
of which from the Union of South Africa	36.4	19.6	29.1	19.1	31.1	32.5
Total exports	55.4	54.5	52.8	57.0	62.9	61.2
of which to Switzerland	39.4	42.2	46.9	48.1	57.9	56.2

The most recent figures for Greece and Spain (in the group " Greece, Spain and Turkey " in Table XXIII) are estimates based on incomplete figures published up to the third quarter of 1953.

For a complete definition of the country groups, see Appendix B of *Economic Survey of Europe since the War* (pages 366-367).

Exports of Selected Western European Countries and the United States by Commodity Group and by Destination (Tables 10, 14 and XXXIX)

(a) *General Plan of the Investigation*

In preceding Surveys, tabulation of European exports by commodity groups and by destination has usually been done on the basis of 10 commodity groups (see Table LV in the last Survey and, for definitions, pages 373-374). As these tabulations were derived from national trade statistics, the comparability between countries was not complete, as not all national nomenclatures allowed a rearrangement corresponding strictly to the basic definitions.

With the greater amount of foreign trade statistics that has in recent years become available in terms of the Standard International Trade Classification, either in national or international publications, it is possible to base the analysis of export trade in this Survey on an entirely new commodity schedule, which follows the S.I.T.C. The new classification, presented in Table XXXIX, provides more detail (20 groups) and full comparability between countries. Unfortunately, however, it cannot be linked directly to the 10-group schedule used in previous Surveys.

The basic statistical material used in the preparation of Table XXXIX has been obtained from *34.2(iv)*, supplemented, where necessary, by *30.2* and national statistics.

In certain cases where export values are not published by destination, special estimates were necessary. Thus, the values of Swedish exports of iron ore have been obtained by multiplying quantities exported to each area by the average unit value to all areas.

(b) *Areas of Destination*

Areas of destination given are those shown in Table XXIII. The original source used, however—*34.2(iv)*—gives a different area breakdown, and a certain amount of re-arrangement was necessary, as follows :

E.C.E. Classification (Table XXXIX)	*O.E.E.C. Classification* (*34.2 (iv)*)
North America	North America
Latin America	Central America, plus South America
Overseas sterling area	Non-member countries in sterling area, plus British overseas territories.
Dependent overseas territories	Overseas territories of member countries, less British overseas territories.
Other overseas countries	Other non-member countries in Africa, in Asia, and in Oceania.
Eastern Europe	Eastern Europe.
Western Europe	Metropolitan member countries, plus other Europe.
Dollar area	North America, Central America, Bolivia, Colombia, Ecuador, Venezuela and the Philippines.

In general, the total of exports of each commodity to any area is a true total, but the sources used do not give an exhaustive specification by individual country of destination. Thus, figures given for exports to the United States and Canada for each commodity group and for the total of all commodities (which is the addition of the commodity groups specified) are not complete, and may be slightly lower than the corresponding figures given for the area " North America ". For the same reason, figures given for " dollar area " in Appendix Table XXXIX may be slightly too low, since they are obtained by adding to " North America " and " Central America " (which are well specified) such data as are available for other individual dollar countries.

Totals for " overseas countries " were obtained by deducting exports to western and eastern Europe from exports to the world. Consequently, whenever figures for exports to Europe are not complete, the unallocated part is automatically included in overseas exports (this applies, in particular, to the Netherlands exports). For the same reason, figures given for individual overseas areas may not necessarily add to " total overseas countries ".

Bunkers for foreign ships are, of course, not given by destination, but they are included in the total exports of Group 2.

(c) *Commodity Groups*

The 20-group classification used in Table XXXIX is given in Table B in terms of the S.I.T.C.

Table B

COMMODITY CLASSIFICATION OF TWENTY GROUPS IN TERMS OF THE S.I.T.C.

Commodity group	S.I.T.C. code number	Sub-groups
1. Food, drink and tobacco	Sections 0, 1 ; Division 92	Live animals and meat (Divisions 00 and 01) : Netherlands Dairy products (Division 02) : Netherlands Cereals and preparations (Division 04) : France, Italy and United States Fruit and vegetables (Division 05) : France, Italy, Netherlands and United States of which : Fruit (Groups 051, 052 and 053) : Italy Vegetables (Groups 054 and 055) : Italy Beverages (Division 11) : France Tobacco and products (Division 12) : United States
2. Mineral fuels and petroleum products	Section 3	
3. Metalliferous ores and base metals (unwrought and simply worked)	Divisions 28, 68	Ores and scrap (Division 28) : France and Sweden Iron and steel (Group 681) : Belgium-Luxembourg, France, western Germany, Italy, United Kingdom and United States
4. Oil-seeds, fats and oils	Division 22, Section 4	
5. Textile fibres, natural	Division 26 *less* Group 266	
6. Selected construction materials . .	Groups 661, 662, 664, Division 81	
7. Other raw materials	Divisions 21, 23, 24, 25, 27, 29	Timber (Division 24) : Sweden Woodpulp (Division 25) : Sweden
8. Metal manufactures	Division 69	
9. Power-generating (except electric) machinery	Group 711	
10. Agricultural machinery	Group 712	
11. Metal-working, mining, construction and other industrial machinery	Groups 714, 715, 716	
12. Electric machinery	Group 721	
13. Tractors, other than steam	Group 713	
14. Railway vehicles	Group 731	
15. Road motor vehicles	Group 732	
16. Other vehicles	Groups 733, 734, 735	
17. Chemicals	Section 5	
18. Textile manufactures and clothing	Group 266, Divisions 65, 84	Textile yarns (including synthetic fibres) (Groups 266 and 651) : France, western Germany, Italy and United Kingdom Cotton fabrics (Group 652) : France, western Germany, Italy, United Kingdom and United States Other textiles (Division 65 *less* Groups 651 and 652) : France, western Germany, Italy and United Kingdom
19. Paper, manufactures of wood and paper (excluding furniture) . . .	Divisions 63, 64	
20. All other commodities	Section 8 *less* Divisions 84 and 81 ; Divisions 61, 62, 67, 91, 93 ; Groups 663, 665, 666	Instruments and watches (Groups 861 and 864) : western Germany and United Kingdom

(d) *Conversion into 1950 Prices*

Export figures in current dollars shown in Table XXXIX were converted to 1950 prices by using special indices computed for each commodity group and for each exporting country. In principle, these indices are unit-value indices for exports to all destinations, either officially published or derived from volume and current value indices given in national publications. Where no foreign trade indices were available, wholesale price indices, or specially computed unit-value indices for main items included in each commodity group, were used. As available unit-value indices are often more detailed than the 20-group commodity classification given under section (c), certain groups were further broken down into appropriate sub-groups before the conversion into 1950 dollars.

For each exporting country, the detailed unit-value indices were adjusted so that the resulting volume changes (total exports in 1950 dollars) agreed with the officially published indices of the volume of exports. Since, in the United States, exports of " special categories " are included in the official volume index but excluded from the commodity-by-destination data, this adjustment was made on the basis of the unit-value index for total exports.

The sources, types of indices, and the number of commodity groups used in the conversion into constant dollars are as follows :

Country	*Source*	*Type of index* [a]	*Number of groups*
Belgium-Luxembourg	*2.3* [b]	U	51
France	*7.1* (*i*)	U_1	43
Western Germany		U_1	30
Italy		U	33
Netherlands	*15.2*	W	
		U_2	32
Sweden		U	27
United Kingdom	*26.10*	U	34
United States	*28.2*	W	
	28.3	U	39

U = Unit-value index published in national sources.

U_1 = Unit-value index derived from current value and volume indices.

U_2 = Unit-value index directly computed from values and physical quantities.

W = Wholesale price index.

[a] For all countries, a limited number of unit-value indices have been computed from values and physical quantities. Only sources other than standard national trade statistics are specified in the table. Unit-value indices for Sweden were supplied by the Konjunkturinstitutet.

[b] Issues of June 1952 and June 1953.

BALANCE OF PAYMENTS OF EUROPE AND OTHER AREAS WITH THE UNITED STATES (Table XVII)

For qualifications regarding " special category " exports, see *Economic Survey of Europe since the War*, page 382.

Military aid has been deducted throughout the table from " imports from the United States ". To the extent that this aid has taken the form of services rather than goods, this adjustment tends to under-state actual merchandise imports and over-state payments for services ; these errors, however, cancel out in the balance on goods and services. The quarterly values of military aid, as given in the original source, are as follows (in millions of current dollars) :

Aid to :	1952	1953	
	Third quarter	Second quarter	Third quarter
Europe	475	1 127	674
Latin American Republics	1	8	15
All other countries	140	249	133
Total	616	1 384	822

VIII. MISCELLANEOUS

STANDARDS OF CONSUMPTION IN SOUTHERN EUROPE (Table 32)

The main sources were as follows : for food consumption, *34.4* ; for pulses and nuts, FAO Food Balance Sheets ; for coffee and tobacco, *16.3*, *30.2*, *30.5*, *34.2*, *31.3* and the Danish Statistical Yearbook for 1953; for textiles, *31.1*; for electricity, *29.3* and *29.5*; for health, *32.2*, *32.1*, *30.5* and *30.1*; for education, *33.1* and *33.2*; for newsprint, *29.2*; for wireless sets, *30.5* and national statistical yearbooks; for cinema seats, the Danish Statistical Yearbook for 1953; for rail transport, *29.4* and *30.5* and national statistical yearbooks; for road transport, *29.4* and national statistical yearbooks; for the number of letters sent, *30.5*; for the number of telephones, *30.5* and the Danish Statistical Yearbook for 1952; for population and area, *30.6*. National statistical yearbooks provided a general supplementary source to those quoted above. In addition, the following special sources were employed : for Italy and Southern Italy, *13.4*; for Greece, *10.4* (Nos. 305, 365 and 382); for Spain, *31.2*; for Portugal, *35.5*, *32.3* and *18.2*.

LIST OF SOURCES QUOTED IN APPENDIX B

AUSTRIA

1.1 *Statistische Übersichten zu den Monatsberichten des Österreichischen Institutes für Wirtschaftsforschung.*

BELGIUM

2.1 Institut de Recherches économiques et sociales de l'Université de Louvain : *Service mensuel de conjoncture : Statistiques.*
2.2 Université catholique de Louvain : *Bulletin de l'Institut de Recherches économiques et sociales.* Eight times a year.
2.3 Banque nationale de Belgique : *Bulletin d'information et de documentation.* Monthly.
2.4 Institut national de Statistique : *Bulletin de Statistique.* Monthly.

BULGARIA

3.1 *Drzhaven Vestnik.* (Official Gazette) [until December 1950]. Irregular.
3.2 *Rabotnichesko Delo.* Daily.
3.3 *Otechestven Front.* Daily.
3.4 *La Bulgarie nouvelle.* Twice a month.
3.5 Direction générale de la statistique : *Annuaire statistique du Royaume de Bulgarie 1941*, 1942.
3.6 *Annuaire statistique du Royaume de Bulgarie 1942*, 1943.
3.7 Doinov, N. (for Ministry of Transport) : *Zheleznitsite v Bulgariia*, 1952.
3.8 *Bulgaria Today*, Sofia. Fortnightly.
3.9 *Izvestiia na narodnato Sobranie* (Official Gazette) [from January 1951]. Irregular.
3.10 State Planning Commission : *Planovo Stopanstvo.* Monthly.
3.11 Bulgarian Telegraphic Agency, London : *Bulgarian Bulletin.*
3.12 *Izvestiia na ikonomoicheskiia i pravniia instituti* (Bulletin of the Institutes for Economic Science and Law). Quarterly.
3.13 Terpeshev, D : *Bulgaria's Five-year Plan* (Report submitted to the Fifth Congress of the Bulgarian Communist Party), Sofia, Ministry of Foreign Affairs, 1949.
3.14 Direction générale de statistique : *Statistique de l'industrie encouragée, 1941.*
3.15 Central Trade Union Council, Moscow : *V Pomosch Profsoyuznomu Aktivu.* Twice a month.
3.16 *Free Bulgaria*, Sofia. Fortnightly.

CZECHOSLOVAKIA

4.1 *Rudé Právo.* Daily.
4.2 *Prague News Letter*, Pragopress. Fortnightly.
4.3 Ministry of Foreign Trade : *Czechoslovak Economic Bulletin.* Fortnightly.
4.4 State Statistical Office : *Cenové Zprávy.* Irregular.
4.5 State Statistical Office : *Statistický Obzor.* Monthly.
4.6 *Hospodář.* Weekly.
4.7 Ministry of Information : *The First Czechoslovak Economic Five-year Plan*, Orbis, July 1948.
4.8 State Statistical Office : *Statistical Bulletin of Czechoslovakia.* Monthly.
4.9 State Statistical Office : *Industrial Reports.* Monthly.
4.10 *Lidové noviny.* Daily.
4.11 *Úredni List.* (Official Gazette). Irregular.
4.12 Office national de statistique : *Manuel statistique de la République tchécoslovaque 1948*, 1948.
4.13 *The First Czechoslovak Economic Plan*, Orbis, April 1947.
4.14 State Planning Office : *Plánované Hospodářství.* Monthly.
4.15 National Bank of Czechoslovakia : *Bulletin.* Monthly.

DENMARK

5.1 Statistiske Departement : *Statistiske Efterretninger.* Frequent, but irregular.

FINLAND

6.1 Central Statistical Office : *Tilastokatsauksia* (Bulletin of Statistics). Monthly.
6.2 Ministry of Finance : *Suhdannesarjat.* Monthly.

FRANCE

7.1 Institut national de la statistique et des études économiques : *Bulletin mensuel de statistique.*
7.2 Ministère des Finances : *Les comptes économiques de la nation pour l'année 1949*, 1952.
7.3 Ministère des Finances : *Comptes provisoires de la nation des années 1951 et 1952*, 1953.
7.4 Institut national d'études démographiques : *Population.* Quarterly.

EASTERN GERMANY

8.1 *Neues Deutschland.* Daily.
8.2 *Die Wirtschaft.* Weekly.
8.3 Ministerium der Finanzen : *Deutsche Finanzwirtschaft.* Twice a month.
8.4 Statistisches Zentralamt : *Statistische Praxis.* Monthly.
8.5 Regierungskanzlei : *Gesetzblatt der Deutschen Demokratischen Republik.* Irregular.
8.6 Hauptamt für Statistik von Gross-Berlin : *Berliner Statistik.* Irregular.
8.7 Meimberg, R. (for Berliner Zentralbank) : *Die wirtschaftliche Entwicklung in Westberlin und in der Sowjetischen Zone* (Heft 3, Schriftenreihe der Berliner Zentralbank), Duncker & Humblot, Berlin, 1952.
8.8 Kramer, M. (for Bundesministerium für gesamtdeutsche Fragen) : *Die Landwirtschaft in der Sowjetischen Besatzungszone* (Bonner Berichte aus Mittel- und Ostdeutschland), Bonn, 1951.
8.9 Ulbricht, W. : *Hospodářská a sociální výstavba Německé demokratické republiky* (The Building of Socialism in the German Democratic Republic), Svoboda, Prague, 1952.

WESTERN GERMANY

9.1 Statistiches Bundesamt, Wiesbaden : *Wirtschaft und Statistik.* Monthly.
9.2 Statistisches Bundesamt, Wiesbaden : *Die Industrie der Bundesrepublik Deutschland.*
  (i) *Teil 1 : Beschäftigung und Umsatz, Brennstoff und Energieversorgung.* Monthly.
  (ii) *Teil 2 : Produktion ausgewählter Erzeugnisse, Produktionsindex.* Monthly.
  (iii) *Teil 3 : Die industrielle Produktion.* Quarterly.
9.3 Bank Deutscher Länder, Frankfurt : *Monthly Report of the Bank Deutscher Länder.* [Also exists in German and French versions.]
9.4 Deutsches Institut für Wirtschaftsforschung, Berlin : *Wochenbericht.*
9.5 Bundesminister für Wirtschaft : *Die Wirtschaftliche Lage in der Bundesrepublik Deutschland.* Monthly.
  (i) *Teil A.* (ii) *Teil B.*
9.6 Statistisches Bundesamt, Wiesbaden : *Statistisches Jahrbuch für die Bundesrepublik Deutschland 1953*, 1953.
9.7 Länderrat des Amerikanischen Besatzungsgebiets, Stuttgart : *Statistisches Handbuch von Deutschland 1928–1944*, F. Ehrenwirth-Verlag, Munich, 1949.
9.8 Statistisches Landesamt, Berlin : *Statistisches Jahrbuch Berlin 1953*, Kulturbuch-Verlag, 1953.
9.9 Statistisches Landesamt, Berlin : *Berliner Statistik.* Monthly.
9.10 Statistisches Bundesamt, Wiesbaden : *Statistische Berichte :*
  (i) Arb. Nr. VI/6 : Die Indexziffer der Erzeugerpreise. Monthly.

GREECE

10.1 Federation of Greek Industries : *Monthly Indicators of Industrial Production in Greece.*
10.2 Foreign Operations Administration [formerly Mutual Security Agency], Special Mission to Greece for Economic Co-operation : *Quarterly Statistical Report.*
10.3 Statistique générale de la Grèce : *Annuaire statistique de la Grèce 1939*, 1940.
10.4 Présidence du Conseil, Direction des Etudes : *La Reconstruction hellénique.* Press release No. 305, 6 February 1951.
10.5 Foreign Operations Administration [formerly Mutual Security Agency], Special Mission to Greece for Economic Co-operation : *Monthly Review of Labour Statistics.*
10.6 Ministry of Co-ordination : *The Survival of the Greek Nation : Part B : The Plan*, Athens, 1949.

HUNGARY

11.1 *Szabad Nép.* Daily.
11.2 *Magyar Közlöny* (Official gazette). Irregular.
11.3 Central Bureau of Statistics : *Statisztikai Tájékoztató.* Quarterly. [Formerly *Gazdaságstatisztikai Tájékoztató* (Economic Statistical Bulletin). Monthly.]
11.4 Hungarian-Soviet Society : *Magyar-Szovjet Közgazdasági Szemle* (Hungarian-Soviet Economic Review). Monthly.
11.5 Central Bureau of Statistics : *Statisztikai Szemle* [Formerly *Magyarstatisztikai Szemle*]. Monthly.
11.6 Hungarian Workers' Party : *Társadalmi Szemle* (Social Review). Monthly.
11.7 State Planning Office : *Magyarország hároméves terve* (The Three-year Plan of Hungary), 1947.
11.8 State Planning Office : *Jelentés a hároméves terv elsö évéröl* (Report of the First Year of the Three-year Plan), 1948.
11.9 Vas, Z : *A hároméves terv befejezése* (The Fulfilment of the Three-year Plan), 1950.
11.10 Vas. Z : *Az 5 éves terv második évének feladatai* (The Tasks of the Second Year of the Five-year Plan), 1951.
11.11 Office central de statistique : *Annuaire statistique hongrois.*
11.12 Central Statistical Office : *Magyar Statisztikai Szebkönyv* (Hungarian Statistical Handbook).
11.13 National Bank of Hungary : *Havi közleményei.* (Monthly Bulletin).
11.14 *Hungarian Bulletin*, Budapest. Fortnightly.

IRELAND

12.1 Central Statistics Office : *Irish Trade Journal and Statistical Bulletin.* Quarterly.

ITALY

13.1 Istituto Centrale di Statistica : *Bollettino mensile di Statistica.*
13.2 Istituto Centrale di Statistica : *Notiziario Istat.* Monthly.
13.3 Società Elettrica Sarda : *Il Gruppo elettrico sardo e gli Impianti dell'Alto Flumendosa*, Rome, 1949.
13.4 Svimez : *Il mezzogiorno d'Italia—Statistiche 1861–1953*, 1953.
13.5 Svimez : *Popolazione e forze di lavoro*, 1952.
13.6 Istituto Centrale di Statistica : *Annuario Statistico Italiano.*
13.7 Commissione parlamentare di inchiesta sulla disoccupazione : *La Disoccupazione in Italia*, 1953.
13.8 Istituto Centrale di Statistica : *Compendio Statistico Italiano*, 1953.

LUXEMBOURG

14.1 Ministère des Affaires économiques : *Bulletin du Service d'Etudes et de Documentation économique de l'Office de la Statistique générale.* Quarterly.

NETHERLANDS

15.1 Centraal bureau voor de Statistiek : *Statistische en econometrische Onderzoekingen.* Quarterly.
15.2 *Maandschrift van het Centraal Bureau voor de Statistiek.*
15.3 Central Bureau of Statistics : *National Accounts of the Netherlands 1948–1949*, 1952.

NORWAY

16.1 Statistisk Sentralbyrå : *Statistiske Meldinger.* Monthly.
16.2 Statistisk Sentralbyrå : *Aktuell Statistikk.* Monthly.
16.3 Statistisk Sentralbyrå : *Statistisk Årbok for Norge, 1952*, 1953.

POLAND

17.1 *Kurier Codzienny.* Daily.
17.2 *Trybuna Ludu.* Daily.
17.3 *Życie Gospodarcze.* Fortnightly.
17.4 *Dziennik Ustaw* (Official gazette). Irregular.
17.5 State Planning Commission : *Gospodarka Planowa.* Monthly.
17.6 Central Statistical Office : *Wiadomości Statystyczne.* Monthly.
17.7 Polnisches Informationsbüro, Berlin : *Wirtschaftsdienst.* Monthly.
17.8 Central Statistical Office : *Statystyka Cen.* Quarterly.
17.9 Central Statistical Office : *Maly Rocznik Statystyczny 1938* (Concise Statistical Yearbook), 1938.
17.10 Central Statistical Office : *Rocznik Statystyczny 1949*, 1950.
17.11 Central Statistical Office : *Statystyka Przemyslowa*, 1937.
17.12 Secomski, K : *Inwestycje w planie sześcioletnim* (Investments in the six-year plan), State Publishing House, 1951.
17.13 Central Committee of the Polish Workers United Party : *Nowe drogi.* Monthly.
17.14 *Rzeczpospolita.* Daily.
17.15 Central Statistical Office : *Statystyka Cen 1937, Series C*, Vol. 96, 1938.

PORTUGAL

18.1 Instituto Nacional de Estatística : *Anuário Estatístico.*
18.2 Instituto Nacional de Estatística : *IX Recenseamento geral da população; Tomo II*, 1952.
18.3 Instituto Nacional de Estatística : *Anuário Demográfico 1952*, 1953.
18.4 *IX Recenseamento geral da população* (No. 5 of Boletim do Instituto Nacional de Estatística), May 1953.
18.5 *Boletim mensal do Instituto Nacional de Estatística.*

RUMANIA

19.1 *Scânteia.* Daily.
19.2 Rumanian Legation, Paris : *Informations roumaines.* Daily.
19.3 *La Roumanie nouvelle :* Twice a month.
19.4 Rumanian Legation, Washington : *Romanian News.* Frequent, but irregular.
19.5 Supreme Economic Council : *Probleme economice.* Monthly.
19.6 *Evolutia economiei românesti* [Quarterly supplement to 19.5].
19.7 Institut Central de Statistique : *Anuarul Statistic al României 1939 şi 1940*, 1940.
19.8 *L'Edification de la vie nouvelle dans la république populaire roumaine*, Editions de l'Etat, 1951.
19.9 *Munca* [formerly Viaţă Sindicală]. Daily.
19.10 Banque nationale de Roumanie : *Bulletin d'information et de documentation.* Quarterly.
19.11 *Bursa.* Weekly.

SAAR

20.1 Statistisches Amt des Saarlandes : *Kurzbericht.* Frequent, but irregular.
20.2 Statistisches Amt des Saarlandes : *Saarländische Bevölkerungs- und Wirtschaftszahlen.* Two-monthly.

UNION OF SOVIET SOCIALIST REPUBLICS

21.1 *Izvestia.* Daily.
21.2 *Pravda.* Daily.
21.3 *Sotsialisticheskoe Zemledelie.* Daily.
21.4 *Bakinski Rabochi*, Baku. Daily.
21.5 *Sovkhoznaya Gazeta.* Three times a week.
21.6 Central Committee of the Communist Party of the Soviet Union : *Kommunist* [formerly *Bolshevik*]. Bi-monthly.
21.7 Ministry of Agriculture : *Kolkhoznoe Proizvodstvo.* Monthly.
21.8 *L'Union Soviétique*, Moscow. Monthly.
21.9 Ministry of Food : *Molochnaya Promyshlennost.* Monthly.
21.10 State Planning Commission : *Planovoe Khozyaistvo.* Two-monthly.
21.11 Ministry of Food : *Sakharnaya Promyshlennost.* Monthly.
21.12 Ministry of Agriculture : *Sotsialisticheskoe Selskoe Khozyaistvo.* Monthly.
21.13 Soviet Embassy, London : *Soviet News.* Three times a week.
21.14 Soviet Embassy, London : *Soviet Weekly.*
21.15 University of Glasgow : *Soviet Studies*, Blackwell, Oxford. Quarterly.
21.16 Czechoslovak Academy of Agricultural Science, Prague. *For Socialist Agricultural Science : Series B- Economics.* Five times a year. [Until 1953—Czechoslovak Institute for International Collaboration in Agriculture and Forestry (IAI) : *Interagra.* Four times a year]. [Articles in various languages.]
21.17 *Bolshaya Sovetskaya Entsiklopedia : Tom S.S.S.R.*, Ogiz, 1948.
21.18 State Planning Commission : *Itogi vypolneniya vtorogo pyatiletnogo plana*, 1939.
21.19 State Planning Commission : *Selskoe Khozyaistvo S.S.S.R., 1935*, 1935.
21.20 State Planning Commission : *Sotsialisticheskoe Selskoe Khozyaistvo S.S.S.R.*, 1939.
21.21 State Planning Commission : *Sotsialisticheskoe Stroitelstvo S.S.S.R.*, 1936.
21.22 State Planning Commission : *Tretii pyatiletnii plan*, 1939.
21.23 N. Anisimov : *Selskoe khozyaistvo v novoi stalinskoi pyatiletke*, Ogiz, 1946.
21.24 S. Demidov : *Razvitie selskogo khozyaistva v poslevoennoi pyatiletke*, Ogiz, 1946.
21.25 M. Lifits : *Sovetskaya torgovlya i eë rol v ekonomicheskoi zhizni strani*, Ogiz, 1951.
21.26 A. Notkin : *Ocherki teorii sotsialisticheskogo vosproizvodstva*, Ogiz, 1948.
21.27 N. Voznesensky : *Economic Results of the U.S.S.R. in 1940*, Foreign Languages Publishing House, 1941.

SPAIN

22.1 Instituto nacional de Estadistica : *Boletin de Estadistica.* Monthly.
22.2 Instituto nacional de Estadistica : *Anuario Estadistico de España.*
22.3 Ministerio de Industria y Comercio : *Estadistica Minera y Metalúrgica de España.* Annual.
22.4 Consejo de Economia Nacional : *La Renta Nacional de España en 1951*, 1952.
22.5 Consejo de Economia Nacional : *La Renta Nacional de España*, 1945.
22.6 Servicio general de Estadistica : *Censo de Población.*

SWEDEN

23.1 Statens Jordbruksnämnd : *Jordbruksekonomiska Meddelanden.* Monthly.
23.2 Statistiska Centralbyrån : *Statistisk Tidskrift.*
23.3 Statistiska Centralbyrån : *Statistisk Årsbok för Sverige 1952*, 1952.
23.4 Konjunkturinstitutet : *Nationalbokföring 1946–1950.* (Serie B : 13 of Meddelanden från Konjunkturinstitutet), 1951.
23.5 Konjunkturinstitutet : *Konjunkturläget våren 1952* (Serie A : 21 of Meddelanden från Konjunkturinstitutet), 1952.
23.6 Konjunkturinstitutet : *Konjunkturläget våren 1953* (Serie A : 23 of Meddalenden från Konjunturinstitutet), 1953.
23.7 Economic Cooperation Administration : *Sweden—Country Data Book*, Paris, March 1950.
23.8 Riksräkenskapsverket : *Budget-Redovisning för Budgetåret 1949/50*, 1950.
23.9 Riksräkenskapsverket : *Budget-Redovisning för Budgetåret 1950/1951*, 1951.
23.10 Kommerskollegium : *Kommersiella Meddelanden.* Monthly.

SWITZERLAND

24.1 Département fédéral de l'économie publique : *La vie économique.* Monthly.

TURKEY

25.1 Ministère de l'économie et du commerce : (i) *Konjonktür.* Quarterly. (ii) *Supplément Mensuel.*
25.2 Central Statistical Office : *Bulletin of Statistics.* Quarterly.
25.3 Office central de Statistique : *Annuaire Statistique.*
25.4 Maden Tetkik ve Arama Enstitüsü Mecmuasi (Mining Research and Exploitation—Journal of the Institute) : *M.T.A.* Quarterly.
25.5 *Revue de la Faculté des Sciences Economiques de l'Université d'Istanbul.* Occasional.
25.6 Office central de Statistique : *Recensement général de la Population* [relating to 1927, 1935 and 1945].
25.7 Central Statistical Office : *Population Censuses 1927–1950* (Statistical Résumés No. 8), 1953.

UNITED KINGDOM

26.1 Central Statistical Office : *Monthly Digest of Statistics.*
26.2 Central Statistical Office : *Annual Abstract of Statistics.*
26.3 Central Statistical Office : *National Income and Expenditure 1946–1951*, August 1952.
26.4 Central Statistical Office : *National Income and Expenditure 1946–1952*, August 1953.
26.5 Treasury : *United Kingdom Balance of Payments.* Half-yearly.
26.6 Board of Trade : *Census of Distribution and other Services 1950 : Retail Trade, Short Report*, 1952.
26.7 Customs and Excise Department : *Annual Statement of the Trade of the United Kingdom 1930*, 1932.
26.8 *Journal of the Royal Statistical Society : Series A* (*General*). Quarterly.
26.9 Central Statistical Office : *The Index of Industrial Production* (Studies in Official Statistics No. 2), October 1952.
26.10 *Board of Trade Journal.* Weekly.

YUGOSLAVIA

27.1 Office fédéral de statistique : *Indeks.* Monthly.
27.2 Statistique générale de l'Etat : *Annuaire Statistique.*
27.3 Kukoleča, S. M : *Industrija Jugoslavije 1918–1938*, Balkanska Štampa, 1941.
27.4 Office fédéral de statistique : *Statisticki Bilten.* Monthly.
27.5 *Popis Stanovništva 31 Marta 1953 : Rezultati Uzorka* (Estimating census figures). (Studije i analize No. 1), 14 May 1953.

UNITED STATES OF AMERICA

28.1 President's Materials Policy Commission : *Resources for Freedom, Vol. II—The Outlook for Key Commodities*, June 1952.
28.2 Department of Commerce : *Survey of Current Business.* Monthly.
28.3 Department of Commerce : *Foreign Commerce Weekly.*

ECONOMIC COMMISSION FOR EUROPE, GENEVA

29.1 *Quarterly Bulletin of Steel Statistics for Europe.*
29.2 *European Timber Statistics 1913–1950* (issued jointly with the Food and Agriculture Organization), 1953. (Sales No. : 1953.II.E.5.)
29.3 *Recent Developments in the Electric Power Situation in Europe (1951–1952)*, March 1953. [E/ECE/160, obtainable from the Sales Section of the European Office of the United Nations.]
29.4 *Annual Bulletin of Transport Statistics.*
29.5 *La situation de l'énergie électrique en Europe durant 1951.* EP/Document de Travail No. 12, 10 June 1952.
29.6 *Quarterly Bulletin of Coal Statistics for Europe.*
29.7 *Economic Bulletin for Europe.* Three times a year.

UNITED NATIONS, NEW YORK

30.1 *Monthly Bulletin of Statistics.*
30.2 *Statistical Papers Series D—Commodity Trade Statistics.* Quarterly.
30.3 *Statistical Papers Series T—Direction of International Trade.* Monthly.
30.4 *Statistical Yearbook 1948*, 1949.
30.5 *Statistical Yearbook 1952*, 1952.
30.6 *Demographic Yearbook 1952*, 1952.

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS, ROME

31.1 *Per Caput Fiber Consumption Levels* (Commodity Series, Bulletin No. 21, Supplement No. 1), December 1952.
31.2 *Second World Food Survey*, November 1952.
31.3 *Yearbook of Food and Agriculture Statistics 1952*, 1953.

WORLD HEALTH ORGANIZATION, GENEVA

32.1 *Epidemiological and Vital Statistics Report.* Monthly.
32.2 *Statistics of Medical Personnel and Institutions and of some Public Health Measures* (Medical Statistics Documentation II : C).
32.3 *Annual Epidemiological and Vital Statistics 1939–1946 : Part I — Vital Statistics and Causes of Death*, 1951.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION, PARIS

33.1 *Progress of Literacy in Various Countries* (Monograph No. 6 on Fundamental Education), 1953.
33.2 *Preliminary Report on Statistics on Primary School Education* (UNESCO/ST/R/5), 28 February 1952.

ORGANIZATION FOR EUROPEAN ECONOMIC CO-OPERATION, PARIS

34.1 *OEEC Statistical Bulletins — General Statistics.* Bi-monthly.
34.2 *OEEC Statistical Bulletins — Foreign Trade :*
    (i) *Series I — Foreign Trade by Areas.* Monthly.
    (ii) *Series II — Foreign Trade by Commodity Categories and by Areas.* Quarterly.
    (iii) *Series III — Foreign Trade of Selected Commodities.* Quarterly.
    (iv) *Series IV — Foreign Trade by Origin and Destination and by Commodity.* Quarterly.
34.3 *Basic Statistics of Industrial Production 1913–1952*, 1953.
34.4 *Food and Agricultural Statistics*, August 1953.

MISCELLANEOUS

35.1 League of Nations, Geneva : *Statistical Year-book.*

35.2 Commonwealth Economic Committee, London : *Commonwealth Trade in 1952*, H.M.S.O. 1953.

35.3 Hermann, F : *Les richesses minérales du monde*, Payot, Paris, 1950.

35.4 Metal Information Bureau, London : *Quin's Metal Handbook and Statistics.* Annual.

35.5 Department of Agriculture, Washington : *Agricultural Production and Food Consumption in western Europe* (Agricultural monograph 10), July 1951.

35.6 Communauté européenne du Charbon et de l'Acier, Luxembourg : *Bulletin mensuel de Statistique.*

35.7 Communauté européenne du Charbon et de l'Acier : *Compléments au Bulletin statistique.*

35.8 F. W. Notestein : *The Future Population of Europe and the Soviet Union*, League of Nations, 1944.

35.9 Bureau d'information des Partis communistes et ouvriers, Bucarest : *Pour une paix durable, pour une démocratie populaire !* Weekly.

UNITED NATIONS PUBLICATIONS

A STUDY OF TRADE BETWEEN ASIA AND EUROPE

This important Study was prepared jointly by the Secretariats of the United Nations Economic Commission for Asia and the Far East (ECAFE), the United Nations Economic Commission for Europe (ECE), and the Food and Agriculture Organization of the United Nations (FAO). It points out the advantages of expanded trade between Asia and Europe and suggests measures to help bring about an increase in that trade.

This Study examines the history and setting of trade between the two regions over recent decades and considers methods by which Europe can assist the countries of Asia and the Far East in their common aspirations for economic development and improved living standards. At the same time, it considers ways in which Asia and the Far East can assist Western European countries solve their post-war economic problems by an increase in the volume of their exports compared with imports and by shifts in supply sources which would relieve their dependence on the dollar area.

U.N. Publication Sales No. 1953.II.F.3
(English and French editions)
$(U.S.) **1.50** ; **11/- sterling** ; **Swiss francs 6.—**

COMMODITY TRADE AND ECONOMIC DEVELOPMENT

Prepared by a group of five experts appointed by the Secretary-General, this report recommends measures to overcome instability in the prices of primary commodities. Among the recommendations of the experts is the setting-up of an inter-governmental trade stabilization commission to discuss and propose action on stability in primary commodity markets. The report emphasizes the great measure of mutuality of interest which exists in the matter of trade between the under-developed and the more-developed countries.

The publication has nine chapters and four appendices. Chapter I elaborates on the Committee's terms of reference. The following chapters describe the factual background and main problems relating to stabilization of primary commodity markets, the technical discussion of various measures proposed or adopted in the past or suggested for the future. The last chapter summarizes the conclusions arrived at by the Committee and contains the recommendation for establishing an inter-governmental trade stabilization commission.

U.N. Publication Sales No. 1954.II.B.1
(English edition)
$(U.S.) **0.75** ; **5/- sterling** ; **Swiss francs 3.—**

SALES AGENTS FOR UNITED NATIONS PUBLICATIONS

ARGENTINA
Editorial Sudamericana, S.A., Calle Alsina 500, **Buenos Aires.**

AUSTRALIA
H. A. Goddard Pty., Ltd., 255a George Street, **Sydney**, N.S.W.

BELGIUM
Agence et Messageries de la Presse, S.A., 14-22 rue du Persil, **Brussels.**
W. H. Smith & Son, 71-75 bd Adolphe-Max, **Brussels.**

BOLIVIA
Librería Selecciones, Empresa Editora "La Razón", Casilla 972, **La Paz.**

BRAZIL
Livraria Agir, Rua Mexico 98-B, Caixa Postal 3291, **Rio de Janeiro**, D.F.

CANADA
The Ryerson Press, 299 Queen Street West, **Toronto**, Ontario.

CEYLON
The Associated Newspapers of Ceylon, Ltd., Lake House, **Colombo.**

CHILE
Librería Ivens, Calle Moneda 822, **Santiago.**
Editorial del Pacífico, Ahumada 57, **Santiago.**

CHINA
The World Book Co., Ltd., 99 Chung King Road, 1st Section, **Taipeh**, Taiwan.
The Commercial Press, Ltd., 211 Honan Road, **Shanghai.**

COLOMBIA
Librería Latina, Ltda., Apartado Aéreo 4011, **Bogotá.**
Librería Nacional, Ltda., 20 de Julio, San Juan-Jesus, **Baranquilla.**
Librería América, Sr. Jaime Navarro R., 49-58 Calle 51, **Medellín.**

COSTA RICA
Trejos Hermanos, Apartado 1313, **San José.**

CUBA
La Casa Belga, René de Smedt, O'Reilly 455, **Havana.**

CZECHOSLOVAKIA
Ceskoslovensky Spisovatel, Národní Trída 9, **Prague I.**

DENMARK
Messrs. Einar Munksgaard, Ltd., Nörregade 6, **Copenhagen.**

DOMINICAN REPUBLIC
Librería Dominicana, Calle Mercedes 49, Apartado 656, **Ciudad Trujillo.**

ECUADOR
Librería Científica Bruno Moritz, Casilla 362, **Guayaquil.**

EGYPT
Librairie "La Renaissance d'Egypte", 9 Sharia Adly Pasha, **Cairo.**

EL SALVADOR
Manuel Navas y Cía, "La Casa del Libro Barato", la Avenida Sur 37, **San Salvador.**

ETHIOPIA
Agence éthiopienne de Publicité, P.O. Box 128, **Addis Ababa.**

FINLAND
Akateeminen Kirjakauppa, 2 Keskuskatu, **Helsinki.**

FRANCE
Editions A. Pedone, 13 rue Soufflot, **Paris**, V^e^.

GREECE
"Eleftheroudakis", Librairie internationale, Place de la Constitution, **Athens.**

GUATEMALA
Goubaud & Cía., Ltda., Sucesor, 5a Av. Sur, No. 28, **Guatemala City.**

HAITI
Max Bouchereau, Librairie "A la Caravelle", Boîte postale 111-B, **Port-au-Prince.**

HONDURAS
Librería Panamericana, Calle de la Fuente, **Tegucigalpa.**

HONG KONG
Swindon Book Co., 25 Nathan Road, **Kowloon.**

ICELAND
Bokaverzlun Sigfusar Eymundsonnar, Austurstreti 18, **Reykjavik.**

INDIA
Oxford Book & Stationery Company, Scindia House, **New Delhi.**
P. Varadachary & Co., 8 Linghi Chetty Street, **Madras I.**

INDONESIA
Jajasan Pembangunan, Gunung Sahari 84, **Djakarta.**

IRAN
Ketab Khaneh Danesh, 293 Saadi Avenue, **Teheran.**

IRAQ
Mackenzie's Bookshop, Booksellers and Stationers, **Baghdad.**

ISRAEL
Blumstein's Bookstores, Ltd., 35 Allenby Road, P.O.B. 4154, **Tel Aviv.**

ITALY
Colibri, S.A., 36 Via Mercalli, **Milan.**

LEBANON
Librairie Universelle, **Beirut.**

LIBERIA
Mr. Jacob Momolu Kamara, Gurly and Front Streets, **Monrovia.**

LUXEMBOURG
Librairie J. Schummer, Place Guillaume, **Luxembourg.**

MEXICO
Editorial Hermes, S.A., Ignacio Mariscal 41, **Mexico**, D.F.

NETHERLANDS
N. V. Martinus Nijhoff, Lange Voorhout 9, **The Hague.**

NEW ZEALAND
The United Nations Association of New Zealand, G.P.O. 1011, **Wellington.**

NICARAGUA
Dr. Ramiro Ramirez V., Agencia de Publicaciones, **Managua**, D.N.

NORWAY
Johan Grundt Tanum Forlag, Kr. Augustsgt. 7a, **Oslo.**

PAKISTAN
Thomas & Thomas, Fort Mansion, Frere Road, **Karachi.**
Publishers United, Ltd., 176 Anarkali, **Lahore.**

PANAMA
José Menéndez, Agencia Internacional de Publicaciones, Plaza de Arango, **Panama.**

PARAGUAY
Moreno Hermanos, Casa América, Palma y Alberdi, **Asunción.**

PERU
Librería internacional del Perú, S.A., Casilla 1417, **Lima.**

PHILIPPINES
Alemar's Book Store, 749 Rizal Avenue, **Manila.**

PORTUGAL
Livraria Rodrigues, Rua Aurea 186-188, **Lisbon.**

SINGAPORE
The City Bookstore, Ltd., Winchester House, Collyer Quay, **Singapore.**

SWEDEN
C. E. Fritze's Kungl. Hovbokhandel, Fredsgatan 2, **Stockholm 16.**

SWITZERLAND
Librairie Payot, S.A., 1 rue de Bourg, **Lausanne**, and at **Basle, Berne, Geneva, Montreux, Neuchâtel, Vevey, Zurich.**
Librairie Hans Raunhardt, Kirchgasse 17, **Zurich 1.**

SYRIA
Librairie universelle, **Damascus.**

THAILAND
Pramuan Mit, Ltd., 55, 57, 59 Chakrawat Road, Wat Tuk, **Bangkok.**

TURKEY
Librairie Hachette, 469 Istiklal Caddesi, **Beyoglu-Istanbul.**

UNION OF SOUTH AFRICA
Van Schaik's Bookstore (Pty.), P.O. Box 724, **Pretoria.**

UNITED KINGDOM
H.M. Stationery Office, P.O. Box 569, **London, S.E. 1**; and at H.M.S.O. Shops in **London, Belfast, Birmingham, Bristol, Cardiff, Edinburgh** and **Manchester.**

UNITED STATES OF AMERICA
International Documents Service, Columbia University Press, 2960 Broadway, **New York 27**, N.Y.

URUGUAY
Oficina de Representación de Editoriales. Prof. Héctor d'Elía, 18 de Julio 1333, Palacio Diaz, **Montevideo**, R.O.U.

VENEZUELA
Distribuidora Escolar, S.A., Ferrenquin a La Cruz 133, Apartado 552, **Caracas.**
Distribuidora Continental, S. A., Bolero a Pinda 21, **Caracas.**

VIETNAM
Librairie Albert Portail, 185-193, rue Catinat, **Saigon.**

YUGOSLAVIA
Drzavno Preduzece, Jugoslovenska Knjiga, Terazije 27/II, **Belgrade.**

United Nations publications can also be obtained from the following booksellers:

AUSTRIA
Gerold & Co., I. Graben 31, **Wien I.**
B. Wüllerstorf, Waagplatz 4, **Salzburg.**

GERMANY
Buchhandlung Elwert & Meurer, Hauptstrasse 101, **Berlin-Schöneberg.**
W. E. Saarbach, G.m.b.H., Ausland-Zeitungshandel, Gereonstrasse 25-29, **Köln 1.** (22c).
Alexander Horn, Spiegelgasse 9, **Wiesbaden.**

JAPAN
Maruzen Co., Ltd., 6 Tori-Nichome, Nihonbashi, P.O.B. 605, **Tokyo Central.**

SPAIN
Librería José Bosch, Ronda Universidad 11, **Barcelona.**

1 2 — 53-II

Orders from countries where sales agents have not yet been appointed may be sent to

Sales Section, European Office of the United Nations, Palais des Nations, GENEVA, Switzerland.

or

Sales and Circulation Section, United Nations, NEW YORK, U.S.A.

Printed in Switzerland

Price: **$ (U.S.) 2.50; 17/6** stg.; Swiss francs **10.—**
(or equivalent in other currencies)

February 1954 — 5,825

AT CHICAGO
3 8198 324 907 169

BOUND BY
HNM